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R.O.C. Messenger: March 1948

Republican Organizing Committee

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R. O. C. MESSENGER

Dedicated to the Cause of Good Government

Bismarck, N. D., March, 1948

Vol. 2 No. 2

Good Government With Fairness to All Main Objective of R.O.C. State Officials

North Dakota Laws Highly Praised by Tri-State Solons

North Dakota is a progressive state. Its laws on vital subjects such as school reorganization, public health, taxation and legislative research are in keeping with the best ideals of responsiveness to the needs of the people.

This is the consensus of opinion of legislators from Minnesota and Wisconsin, members of legislative research councils, who met with members of the North Dakota Legislative Research committee at the state capitol in St. Paul on March 8 and 9. The regard in which North Dakota is held by the people of Minnesota was expressed by Senator A. L. Almen of Minnesota in the closing session as follows:

"We regard North Dakota as a highly progressive state. In your legislative process you are making a sincere attempt to meet the needs of the people, and I am sure that the legislators from Wisconsin and my own state have received immeasurable benefits from our conference here."

All of the eleven members of the North Dakota committee, Senators E. H. Brant, John Conrad, Carroll Day, R. H. Lynch and Orris Nordhagen and Representatives E. J. Langley, chairman, Vernon Johnson, Manfred Ohnstad, Donnell Haugen, W. M. Smart and Arlan Stahr were present, and all North Dakota members took an active part in the group discussion.

N. D. Reorganization Bill Well Liked

Chairman E. J. Langley and Representative Donnell Haugen took a leading part in the group discussing education, and the new N.D. school reorganization bill occupied a spotlight position.

One of the advantages of the North Dakota law is that although the people must decide by their vote on all school reorganization plans, the survey as to the needs of reorganization is mandatory and the expenses are paid by the state. In Minnesota the survey is not mandatory, and many efforts toward reorganization have been defeated before the full facts were attained.

Langley said the school reorganization bill was the only one of the 100 introduced by the unit at the last session which had the full endorsement of the group.

The committee "agreed unofficially" that school reorganization is necessary, that it is best accomplished through county school committees, that a school administrative district should include at least one high school plus full opportunity for a flexible plan for elementary school attendance.

On the question of teacher shortage, the committee members were agreed that commensurate teacher salary schedules should be established, tenure should be provided and teacher retirement laws changed to give instructors full security when they retire.

N. D. Health Laws Very Efficient

Rep. W. M. Smart of Ward, one of the discussion leaders on public welfare, gave an analysis of the North Dakota district health unit. North Dakota was the first of the three states to adopt a multiple-county unit health system, having passed the bill in 1941. The Minnesota legislature defeated a multiple-county bill in 1947.

Wisconsin passed a bill in 1947 providing for three distinct plans, one for a single county health unit, one for a unit of not more than three counties, and one for a combined city-county unit. Under the new law only one unit has been organized, that of Eau Claire county.

North Dakota now has three distinct units. District No. 1 comprises

Ward, Burke, Bottineau, Renville and McLean. The southwest district includes Bowman, Adams, Hettinger, Slope, Billings and Golden Valley. Divide, Williams and McKenzie have recently formed a third unit, and Dunn and Stark are considering forming another unit, or uniting with the southwestern district. The advantage of the district unit is that by combining the one half mill county permissible levy with federal aid, necessary funds can be secured to have a full-time health officer, a nurse supervisor and a sanitary engineer.

Smart submitted figures quoted by the American Public Health association in a recent survey of public health needs in North Dakota that due to failure to provide full-time health units in all counties, 2832 unnecessary deaths occurred in the last five years, causing a financial loss to the state annually of three million dollars. On the same basis, that a life is worth at least \$5,000 to the state, Wisconsin is losing at least fifteen million dollars annually.

North Dakota spends all together for health purposes \$635,000 a year, of which \$367,000 is for the state board of health and the balance in full-time, part-time, and rural health units. This amounts to \$1.18 per capita, of which the state quota

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Falgatter Likes Aandahl's Work

That the people of North Dakota will endorse the ROC administration at the primaries in June is the opinion of M. B. Falgatter of Kinross, one of ROC's most enthusiastic supporters in Emmons county, the home of our chairman, Senator Everett H. Brant.

"What grievance could the people of North Dakota have against the Aandahl administration," asks Mr. Falgatter. "It has been clean as a whistle. In over a quarter of a century's observation of North Dakota's political affairs, I have never seen a state administration that has been free of any suspicion of questionable dealings. The business of the state has been handled exceptionally well. Our state officials have not been playing politics, but have been absolutely fair and just. They have shown no favoritism, but have given every one a square deal."

"The only complaint against the ROC administration must come from groups that are looking for special privileges, and I do not believe that that is a big element in our population. Farmers, businessmen and working people have all been treated fairly by Gov. Aandahl."

"What legitimate complaint has anyone against Otto Krueger, our insurance commissioner. He is doing exactly what the people of North Dakota want him to do, to enforce our insurance laws and see that widows, orphans and insurance beneficiaries are protected. That is the reason we have an insurance commissioner. He is simply doing his duty in insisting that all insurance companies who operate in North Dakota are operating on a safe basis."

"The opposition to the ROC cause, the fundamental principle of which is good government, will fall, in my opinion, because there are no legitimate grievances against what Gov. Aandahl and his associates have tried to accomplish."

Leo A. Winter Dies

Leo A. Winter, 57, truck and bus man of Bismarck, is dead. A former employee of the state department of agriculture, he was secretary of the Northwest Truck and Bus association.

Young Offers Bill For Better Roads

Senator Milton R. Young has introduced a bill in the senate providing for a better system of rural road construction in America. The bill provides more matching funds by the federal government for rural roads,



MILTON YOUNG

and sets up a federal administrator in the public roads department and for a state administrator.

Young says current state funds never have been adequate to build sufficient rural roads.

"North Dakota's 7,000 miles of state highways and its relatively small population presents a financial problem not completely met by any state administration," he said.

Young added that densely populated but smaller eastern areas have much greater mileage and more income but they, too, have not provided necessary rural roads.

Young said the bill has been worked out by farm organizations on the state level.

Regarding the Young bill Gov. Fred G. Aandahl said: "Without question we want to stimulate the improvement of farm-to-market roads."

"The allocation of additional federal funds to match would be helpful."

Aandahl Will Give Keynote Address

Gov. Fred G. Aandahl will give the keynote address at the ROC state convention at Bismarck on March 22 and 23.

Three hundred delegates will attend the convention which will assemble at 10 a.m. Monday, March 22. The basis of representation will be one delegate for each 300 votes cast for Gov. Aandahl in the June primaries in 1946. This will make a group of 340 and there will be one labor delegate from each of ten counties having labor organizations. These counties are Ward, Grand Forks, Cass, Burleigh, Stutsman, Stark, Wells, Mercer, Morton and Williams.

Senator E. H. Brant, ROC state chairman, will open the convention. The first order of business will be the selection of a temporary chairman and secretary. A committee on credentials will then be selected. To save time it is likely that the temporary chairman will be asked to appoint committees on rules of procedure and platform and resolutions.

When the committee on credentials reports, the delegates will be seated, and the convention will be ready for business. The convention will decide whether or not to make the temporary organization permanent.

It is hoped that most of the preliminaries will be out of the way by 10:30 a.m. when Gov. Fred G. Aandahl will be introduced as the keynote speaker and the convention will go on the air. The broadcast over KFYR will continue until 11:15 a.m.

Governor Gives Rousing Address at Devils Lake

That a new element in North Dakota very left in its thinking is endeavoring to take over the North Dakota government is the opinion of Gov. Fred G. Aandahl in a rousing address at a Ramsey county ROC rally in Devils Lake recently.

The governor said this element tried to gain this objective two years ago through the Democratic party. Failing in that, the same group is trying to unite various leftist groups and use the Republican party as their vehicle.

What the governor said on this subject follows:

This year a new element of leadership is trying to take over control of the Republican Party, working through the other wing (The Nonpartisan League) of the party and they are very left in their thinking. They tried to function through the Democratic Party in 1946 and just about took control of the party but could not win their objectives in the fall election. It would be a very unfortunate circumstance if that element should gain a dominating influence in the government of the state. There is every indication that this left element is a part of national and international thinking that has as its objective the discrediting and the destruction of the free enterprise system.

The American free enterprise system is the economic system under which America has grown great. Government needs free enterprise to maintain a tax base. The people need free enterprise to stimulate a maximum of productive accomplishment. If there is no free enterprise and its resultant tax base to support the government all people would become wards off the government and it is doubtful if the productive organization could keep going with anything short of a military dictatorship. It is doubtful if democracy can live under any economic system other than free enterprise.

In the stress of the dark days of the Civil War Abraham Lincoln said, "Our Fathers created upon this continent a new nation dedicated to the proposition that all men are created equal." That statement is as true in peace as it was in war. His next sentence in that memorable Gettysburg Address was worthy to fit the conditions of war. By slightly paraphrasing that sentence it has great significance today. "We are now engaged in a great social and economic experiment, testing whether that nation or any nation so conceived and so dedicated can long endure." Democracy founded upon an economic system of free enterprise is being tested. It is being challenged by military dictatorship from without. It is being challenged from within by a propagandist leadership, extremely left in its thinking.

ROC Embedded In Sound Principles

The people of North Dakota will have an opportunity to express themselves on this question in the election of 1948. The ROC is so firmly embedded in sound principles of government that the left element is trying to exert itself through other branches of political organization in the state. The ROC offers to the people of the state the political organization that stands four square for the preservation of democracy with its cherished ideals of freedom and liberty and the strength of a free enterprise system of production. Our democracy can live if the people will make it live and that can be done only if our best citizens take an active interest in government.

At the beginning of his talk Gov. Aandahl said:

We have gathered this evening to review the accomplishments of the ROC and to estimate the issues in the forthcoming campaign and election of 1948. The ROC was organized early in 1943 to give expression to the thinking of representative citizens on sound government. At the time of our first convention in 1944 it was estimated that our membership was made up of one third former members of the old I.V.A., one third former members of the Nonpartisan League and one third younger folks who had not participated in that old contest. One of our first decisions was to forget about the old controversy between the I.V.A. and the Nonpartisan League and to accept the Bank of North Dakota, Mill and Elevator, State Hall, Insurance Department, Fire and Tornado Fund and the Bonding Department as well established departments of state and pledged ourselves to a careful businesslike administration of these institutions in order that they might be of the greatest possible benefit to the state of North Dakota.

For the past three years a majority of the officers of the state of North Dakota have been held by members of the ROC. We now have an opportunity to review the accomplishments of an ROC administration.

Bank of North Dakota In Fine Condition

We are all well aware of the present excellent condition of the Bank of North Dakota. It is serving as a depository of public funds for the state and its political subdivisions. All of the large number of farms once owned by the Bank of North Dakota through default in the farm loan program have now been sold and are in the hands of private owners except about 150 that are still in the process of being sold. The sale of these farms has brought enough money so that the sinking fund and balances resulting from partial payments on contracts is sufficient to retire the balance of approximately \$17,000,000 of outstanding real estate bonds.

In 1947 the State Equalization Board made what I think will be the last tax levy to take care of interest on these bonds. Of the total bonds issued for the farm loan and state industrial program the state since 1922 has paid about \$30,000,000 in tax money to retire bonds and pay interest in default in a large measure due to lack of business judgment and political intrigue of those in office.

In recent years the footing of the Bank of North Dakota has stepped up to around \$90,000,000. The Bank has now had earnings that offset the original \$20,000,000 of tax money that was put into the Bank and in addition has several million dollars of earnings in the surplus and reserve account.

In the summer of 1939 the State Mill and Elevator at Grand Forks was placed on a sound business basis by its new manager, R. M. Stangler. Since that time its financial condition has been constantly improving. The ROC officials can be given credit for recognizing merit and not making a single change at the Mill and Elevator but instead permitting and helping the good work to continue.

Krueger Lowers State Hail Rate

During the two and a half years that Otto Krueger has been in the Office of Insurance Commissioner the rates for hail insurance has decreased three cents an acre in the first district under \$5.00 per acre in-

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Brant Says ROC Opponents Voted For Tax Levies They Condemn

That the ROC opponents all voted for the bills authorizing local municipalities to increase local tax levies to get the necessary money to run their governments is the statement of Senator E. H. Brant in a radio address over KFYE in early March.

Brant pointed out that there is no increase in state taxes, that the increase in taxes is entirely local and has no connection with the \$52,000,000 legislative appropriations which the ROC opponents voted for. On this subject, Brant says:

"One question to be solved was the plight in which many municipalities found themselves with no possible chance of meeting their necessary governmental expenses under the permissible levies that were permitted to be made. This was such a well recognized fact that the levies were made by the legislature with hardly a dissenting vote. In fact, the very fact that now are so voluminous in their criticism of the present administration voted unanimously for every levy increase that was presented to the legislature, and yet, for several months they have been using the increase in property taxes for propaganda purposes. Here is a sample of what they say, 'If you have gotten your 1947 tax assessment take a good look at it and then compare it with those of prior years. Quite an increase, isn't it? Depending on what county you live in, your 1947 taxes will have increased from 30 to 90 per cent—the state appropriation this year is over \$52,000,000—nearly 10 times the 1933 budget.' This is only one of many such statements which are used only to confuse the taxpayer."

No Increase Made In State Levy

"Let us assume, as they say that the 1947 tax has increased from 30 to 90 per cent. Does that fact have any relationship to the appropriation of \$52,000,000 made by the legislature? If it does, it is so slight that there is no need to mention it as the state levy for 1947 was 2.95 mills compared to the 1946 levy of 3.10 mills, which is a difference of 15 mills less in 1947 than in the year 1946."

"This increase of from 30 to 90 per cent is all for county, township, city, village and other sub-division purposes and every one of these increases was supported by the opposition and the critics of today. The increases were necessary. If they had not been permitted, many a municipality would be borrowing money today, if that were possible, to carry on the necessary governmental functions."

"The truth of the matter is that in 1945 when we were using the 75% tax base the municipalities were just about able to meet their necessary expense. In 1946, we went back to the 50% tax base which meant that they could not meet their budget and stay on a cash basis without borrowing money, so, in 1947 when the levy limits were raised which amounted to approximately the same thing as the 75% tax base with the old levies, many of the municipalities found themselves with unpaid obligations and a growing governmental cost."

"Let us check up on the appropriation of \$52,000,000 made by the 1947 legislature, which is in no way related to the 30 to 90 per cent increase. We find that \$22,000,000 of this amount is special fund appropriations and include such items as the funds to carry on the operation of the State Mill and Elevator, the Bank of North Dakota, the Hall Department, the funds earmarked for the State Equalization Fund from the sales tax and other items which have nothing to do with the normal operating expenses of state government. Then, there was the transfer of nearly \$11,000,000 made up of \$3,000,000 to the Veterans' Rehabilitation Fund, \$4,000,000 for an institutional building program, nearly \$3,000,000 repaid to the Motor Vehicle Fund from which it had been taken in the 1930's to pay interest on the real estate bonds, and the repayment of \$900,000 to the State Hall Insurance Fund which had been diverted in 1935 to the State Equalization Fund."

Leaguers All Voted For Appropriations

"Did any of the opposition to the present administration offer any objection to any of the transfers and appropriations at the time they were being considered by the Legislature? They did not. The record will prove

Highlights of Senator Brant's Speech

The very fact which is now so voluminous in criticizing the administration voted unanimously for every tax levy increase (allowing municipalities to levy the necessary taxes for operating their governments).

The state tax levy for 1947 was 2.95 mills compared to 3.10 in 1946. The increase in taxes comes entirely from increases in levies by counties, townships, cities, villages and other subdivisions, and every one of these increases was supported by the opposition, and they were necessary. If they had not been permitted, many a municipality would be borrowing money today, if that were possible, to carry out the necessary governmental functions."

Did any of the opposition offer any objection to any of the transfers and appropriations (the three million dollar Veterans' Rehabilitation fund, the four million institutional building program, the three million dollar transfer to the Motor Vehicle fund and the \$900,000 to the State Hall Insurance fund) or the twenty-two million special fund appropriations to carry on the state mill and elevator, the Bank of North Dakota, the hall department, the state equalization and other items having nothing to do with the normal operations of the state?

Under the new gasoline tax refund system the moneys returned to the counties increased from \$915,811 in 1946 to \$1,423,327 in 1947.

All the roads we need cannot be built in one or two years, but a good start has been made.

The highway department blacktopped 591 miles in 1947 as compared with 160 in 1946, and regaveled 700 miles in 1947 as compared with 250 in 1946. We are making real progress in improving the condition of our roads.

The doctrine espoused by the ROC opposition if carried to its final conclusion would mean the socialization of all industry, where the farmer would no longer be the owner and the proprietor of his land, but instead would be a share cropper and tenant."

that they were unanimous in their approval of all of these transfers. And why should they not be approved? They were all justified and reasonable in the conduct of good government."

"So you finally arrive at an amount of less than \$20,000,000 for the normal functions of state government and the net increase over the previous two year period is not unreasonable or out of line when you take into consideration the added costs due to the high cost of living during an inflationary period."

"Another serious question was the road problem. For many years, during the depression years of the 1930's and up thru the war years there had not been sufficient funds with which to even maintain the roads that had been built, and very little money for new construction."

"Realizing the situation, the administration headed by Governor Andahl studied and investigated the manner in which our gas tax was handled under the tax exempt law. It was believed that changing back to the refund system would partly solve that problem. The people voted in the November election to go back to the refund system, over the strong opposition who are still unfriendly to the administration, and even though there are those who are still wishful that the results of the change will not produce more net revenue for the roads than under the old system, the best available information indicates that the additional funds received will amount to about \$1,500,000.00, one fourth of which goes to the counties of the state."

Counties Gain Half Million In Refunds

"In 1946, while operating under the old system, the counties of the state received \$915,811.41 from the gas tax. During the year 1947, for a like period of time under the Refund system the counties received \$1,423,327.07 or an increase of \$507,515.66 for the year 1947 over the year 1946."

The change back to the refund system was only one step towards getting the necessary funds to do the job. Senate bills No. 43, 44 and 45 dealt with the license of passenger cars and trucks. A sub-committee of the transportation committee in the senate spent many hours in working out the new schedule which was passed by the legislature. The added amount produced from the increased license fees together with the amount transferred to the Motor Vehicle Fund, half of which went to the highway department for maintenance, has meant that we are now well on the way to better roads. They cannot all be built in one or two years but a good start has been made. I cannot believe the fellow who told me one afternoon while I was helping in the county treasurer's office in Linton, when he declared that the roads were in worse shape now than they were 40 years ago."

"The amount of black top resaveled in 1947 by the department amounted to 591 miles against 160



EVERETT BRANT

miles that were resaveled in 1946. In 1947 the department had regaveled 700 miles while in 1946 they regaveled 250 miles. The comparison of new construction in 1947 with 1946 is as striking and can mean only one thing, and that is that we are improving the condition of our roads."

Radicals Opposed to Free Enterprise

"There is no secret about the combination of the groups in the state who expect to make a clean sweep of the election by putting their candidates in state office and more especially to control the legislature. The lines and the issues are quite clearly drawn. Under the leadership of Governor Andahl this administration has made a record of efficiency, honesty and accomplishments for the people of the state that it will be difficult to equal. True, the administration cannot take all the credit for the splendid financial condition prevailing in the state. The good years that it has been our pleasure to enjoy surely have been a large factor in getting our state out of the red, but it must also be coupled with good management and a desire, with action, to conserve the resources of the state."

"There can be no question about the stand taken by the administration on vital matters of government. It believes in the system of free and competitive enterprise, in a true cooperative enterprise and the freedom and liberty of the individual and business, bound only by the necessary laws and controls of a free society."

"On the other hand the leaders of the opposition to the administration are being dominated by, and urged by a different philosophy of government. Their doctrine can best be expressed by using the words of one of their representatives, 'the profit system concentrates wealth in the hands of the few; it exploits the masses; robs them of their purchases

N. D. Women Have Big Stake In 1948 Primary Election

That the primary election of 1948 will determine the political fate of North Dakota for years to come, and that women can play a big part in determining the result is the opinion of Mrs. John B. Cooley of Minot, who is one of North Dakota's most active political workers."

Mrs. Cooley has been the front line in North Dakota's battles for good government for over a quarter of a century. She has been one of the state's greatest advocates of better farming conditions in North and South Dakota. She and her husband, John B. Cooley, formerly of the Grand Forks Herald, own KLPB at Minot which owns the Mutual Broadcasting franchise and which has recently been enlarged to a 5,000 watt station."

On this subject of what North Dakota women can do in the coming election, Mrs. Cooley says:

"In America, WE THE PEOPLE, are still in control of our government. Whether that government be good or bad, depends on the officials we elect. The same thing holds true for government in any of the states of the Union, and North Dakota is no exception."

"The responsibility for the sort of government we have in state or nation lies in large measure with the women of America, for in our recent elections women have marked the majority of all the ballots cast. In our last general election the women's vote was approximately 65 per cent of the total vote cast."

"This is an almost frightening responsibility, when we stop to think of what is happening in European countries, once free, but in which the infiltration of communists has continued until existing governments of the people have been overthrown, and dictatorships have snuffed out the light of liberty. Perhaps we think, 'It couldn't happen here!' But we have all too much evidence that the same thing is being attempted in our own United States."

Women Should Study Problems of State

"There are things the women of North Dakota can do to guard the freedom which is our dearest heritage. They can inform themselves of what is going on in our country today. They can study the problems that confront us, and try to decide which group of candidates who are running for office can best cope with these problems. Further, they can and should take a very active part in the election of those candidates, and should assist in the formulation of the platform of their party."

"Under our republican system of government, the actions and policies of any official must necessarily be affected to a very large extent by

ing power; as a result of which they cannot buy back what they produce to solve this problem it is, therefore, our opinion that we must get rid of the profit system, and replace it with the cooperative system. Then business would be operated at cost for use and service to all the people, not to the few."

"It is quite common to hear such a doctrine espoused today, and if carried to its final conclusion, would mean the socialization of all industry and eventually the real estate and land of the state, where the farmer would no longer be the owner and proprietor of his land but instead would be a share-cropper or tenant."

Might Take Over All Business

"Discussing this topic with a farmer friend a few days ago, it was his contention that if the farmers could successfully operate a grain elevator or an oil business, there was no reason why all other business could not be operated cooperatively. He refused to believe that it might apply to the farm and real estate."

"How can any citizen preach the doctrine of such a radical change from a system which has furnished individuals and business more liberty, more freedom and a higher standard of living than has been, or is at the present time enjoyed by any nation on earth?"

"The agitator who now enjoys the freedom of speech and the protection of the law, to advocate the adoption of some new form of society, fails to realize that under the very change that he is advocating, he would not be permitted to make his speech and if he did make it that he might be sent to a concentration camp."

the principles of the group or party whose endorsement he has accepted. Otherwise, he has been elected under false colors. Therefore, it is most important that we elect officials who are pledged to support the policies which we believe to be best for the state and the country. The person who says, 'I vote for the man—not for the party!' apparently does not understand the fundamentals of our machinery of government by the people."

"The first opportunity for the ROC women of North Dakota to take their part as citizens will come at the county conventions called throughout the state by the Republican Organizing Committee, when our problems may be discussed on a county level. At these conventions delegates will be elected to the state conventions at which party policies and a party platform will be formulated and candidates for state offices will be endorsed. Women would do well to take their share of the work involved in these conventions, including seeing that there is a good attendance at these gatherings. And they should become delegates to the state convention if they are chosen as members of the county delegation."

Most Elections Are Lost In Precincts

"Elections are lost or won in the precincts. Women can serve the best interests of their state and their country by urging the voters in their precincts to inform themselves of the issues, and to go to the polls on election day. Women can help each other by seeing that there is some one to stay with small children while a mother goes to vote. They can help arrange for transportation to the polls for those who need it. They can be of assistance to those who have not been able to give sufficient study to the issues involved to vote intelligently on them, by explaining their understanding of these issues and the stand taken upon them by the candidates for the offices to be filled."

"GETTING THE VOTE OUT is the most important thing we have to do. There have been a lot of elections lost in North Dakota through voters failing to go to the polls in June. The Primary Election in North Dakota usually tells the story. In a presidential election year, such as this, there is likely to be plenty of interest in the November election, but at the Primary the political fate of North Dakota for the next two years will probably be decided."

N. D. Highway System Fourth Largest In U. S.

North Dakota's highway system comprises 7,000 miles, and this is the fourth largest system in the U.S., according to Commissioner N. O. Jones. Only Texas, Kansas and Missouri have larger systems."

In an address before the Dickinson chamber of commerce, attended by delegates from Dickinson, Regent, Hettinger, Killdeer, Watford, Glau, Richardson, New England, Medora, Manning and Belfield, Jones explained the reluctance of the state department to add to the present highway system after G. L. Wolf, local chamber president, had presented a resolution prepared by the transportation committee asking extension of state route 22 north of Killdeer to junction with route 23."

However, the proposed extension might be accomplished by the army engineers as a phase of their operation in constructing roads to replace highways being discontinued because of the building of the Garrison dam, Jones said."

In this connection, Jones said that the federal and state governments will spend 13 million dollars on road work in the next four years because of the Garrison dam."

Produce Gasoline From Natural Gas

The natural gas fields in southwest North Dakota and southeast Montana undoubtedly likewise produce gasoline."

The Texas company is experimenting with a process turning natural gas into gasoline at two pilot plants in Montebello, Calif. The daily output, the company reports, is 5,000 barrels of gasoline. A commercial plant with a daily capacity of 7,000 barrels will be in operation in 1949 in Kansas."

In 10 years such plants will be scattered over all natural gas producing areas, a Texas company official predicted."

Otto Krueger Tells Graphic Story Of Controversy with FU Ass'n

Insurance Commissioner Otto Krueger tells a graphic story of his dealings with the National Farmers Union Life Association.

Mr. Krueger reviews the entire controversy which began in 1941 when Oscar E. Erickson was commissioner. A summary of all the essential facts regarding this important case is contained in the following interesting statement by Mr. Krueger:

Much misinformation and many false rumors and conclusions and charges and a great deal of propaganda and what-not has been floating around for many months past, in print as well as by word of mouth, about the so-called "controversy" between the National Farmers Union Life Association, a foreign insurance corporation of Denver, Colorado, and the North Dakota Insurance Commissioner's office.

I have refrained from making any public statement with reference to this "controversy" for the reason that I did not believe in trying the case, which is pending in court, in the newspapers or on street corners. There has been so much public interest shown, however, that a review of the history of the case seems to be in order, so that the people of North Dakota may know the TRUE FACTS in the case.

With that end in view I will, in the following, attempt to give as comprehensive a statement of facts as is possible to gather from official records covering the case from its beginning—public records that are open to anyone to see and read.

Started in 1941

This "controversy" originated when my predecessor was in office. The late Oscar E. Erickson was commissioner in 1941, the records show, admonished the officers of the Association to make efforts to improve its condition or stand the risk of losing its license to continue to do business in North Dakota.

Renewal Refused In 1944 By Erickson

Repeated attempts to induce the officers of the Association to come into compliance with North Dakota laws FAILED, however, and the Association was refused a renewal of its license for 1944 by Mr. Erickson. In 1945 a license was issued but soon thereafter the license was revoked by Mr. Erickson for non-compliance with requirements of North Dakota insurance laws, and the Association brought suit against Mr. Erickson about that time for a large sum of money.

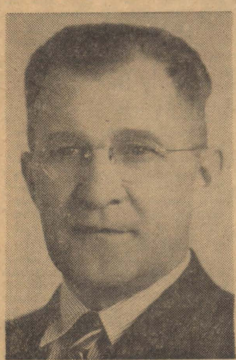
It was late in the year 1945 when I took over the office and it apparently became a "great injustice" if not a "crime" to refuse to issue the Association a license renewal. When I did not immediately, upon request, issue a license renewal to the Association, I was at once viciously attacked by political opponents as "being out to wreck the Farmers' organization"—which, together with other similar piffle and propaganda, of course had no foundation in fact because I did issue a license to two other Farmers Union companies: The Farmers Union Mutual Fire Insurance Company of Jamestown, North Dakota and also issued a license to the National Farmers Union Life and Casualty Company, a Utah corporation. This definitely would indicate that I was not out to wreck any farmers' organizations.

Record Speaks For Itself

BUT LET US LOOK AT THE RECORD. Let us go back to the very beginning and follow the official records up to the present time. Here are the FACTS:—

The "National Union Security Association" was organized and incorporated in Denver, Colorado, December 8, 1937, by the following:—James G. Patton; L. G. McCubbin;—M. R. Jones, and John G. Reis, all of Denver, and Walter J. Ott, of Ft. Morgan, Colorado, and C. E. Moore of Arvada, Colo., and C. E. Huff of Salina, Kansas. Mr. Patton is listed in the articles of incorporation as being president of the concern. (Later the name was changed to "National Farmers Union Life Association" Denver, Colorado.) Do you see any North Dakota farmers in the above set up? Apparently they had nothing to say about the formation of this corporation.

In April 1938 the Association was issued a Certificate of Authority to transact business in the state of Colorado and in May 1938 was admitted into North Dakota by the then Commissioner Oscar Erickson. Each year



OTTO KRUEGER

thereafter, for a period of several years, the Association was upon application granted a renewal of its license. However, on October 8, 1943, Mr. Erickson notified the officers of the Association that the insurance department would not re-issue its license for 1944.

"unless an examination prior to May 1, 1944, discloses a condition indicating your Association is entitled to a renewal thereof."

No examination of the Association's affairs was undertaken at that time. However, an examination was finally commenced on July 17, 1944, by three examiners: O. E. Sloan of Colorado, S. J. Doyle of Montana, and Louis A. LaBelle of Michigan.

The result of this examination of the Association's books was contained in a typewritten report finally filed with the North Dakota Insurance department on December 11, 1944, almost five months later, and showed the Association's condition as of June 30, 1944.

\$50,000 Loaned On Second Mortgage

In a preliminary report filed by one of the examiners, Mr. LaBelle of Michigan, he called attention to a number of items in the report which he considered objectionable, principally loans made to officers of the Association, alleged excessive salaries paid to officials, and excessive loans to various individuals and concerns. In this connection the examiner pointed out and criticized that the files on mortgage loans were incomplete. That as much as \$50,000 was loaned to one concern on a second mortgage.

Regarding the loans made to officers and directors and to corporations affiliated with the Association and having interlocking officers and directors, the Michigan examiner said:—

"There apparently is nothing in the Colorado Code which prohibits this, but we pointed out to them that this was not good business, and that many states prohibit it by law."

The trouble with these people," the examiner stated, "is that their intentions may have been good but they apparently have no business judgment, and I believe that is indicated by the type of loans they have been making. Their accounting procedure is unorthodox, and we pointed out all these mistakes to them, and I think they realize they got started on the wrong track."

Ten Reasons Cited

Commissioner Erickson on February 27, 1945, in a letter mailed to the Association citing ten specific reasons for revoking its license, stated:

"With the foregoing conditions and practices existing on the date of the Association's report, I find no alternative in the performance of my duty to deny you the authority to do any business in this state other than fulfilling the obligations of those contracts entered into before this date.

I do, therefore, on this 27th day of February, 1945, declare the license of the National Security Association revoked."

Shortly thereafter, however, Theodore J. Pennas, who was then attorney for the Insurance Department, prepared an order rescinding Mr. Erickson's revocation order and acting Commissioner S. A. Olson, who served in that official capacity for a short period while Mr. Erickson was

temporarily disqualified, signed it, thus setting aside the revocation—and the status of the Association then became the same as it had been previous to the order issued by Erickson. It should be noted here that soon after the rescinding of the revocation, Mr. Pennas became an employee and was on the payroll of the National Farmers Union Co. A mass of correspondence in the Department's files indicate that a great deal of time and effort had been put forth by the Insurance Department, over a period of several years, to assist the Association in getting its affairs in shape to comply with North Dakota laws. It appears that every opportunity was given the officers of the Association to make good so that its license could be lawfully renewed.

Otto Krueger Takes Action

Such then, was the situation when I took charge of the Insurance Department on September 7, 1945, as State Insurance Commissioner. My first job was, of course, to reorganize the department and office personnel so that I could have an efficient force of workers in each department. I was very fortunate to secure the services of Mr. John C. Dustin, a man of unquestioned integrity and outstanding ability acquired by many years of experience as actuary for the Insurance Department of Nebraska. An actuary holds a very important position in the department, and I was anxious to secure the best man possible for this job, and was satisfied that in Mr. Dustin I had found such a man.

Renewal Again Asked

Under date of October 12, 1945, the National Farmers Union Life Association applied to the Insurance department for a renewal of its North Dakota license. Looking at it from a purely selfish standpoint—a standpoint of "practical politics" if you will—I could have taken "the easy way out" and granted the renewal without delay. By such action I no doubt would have escaped the many abusive attacks upon me, in certain publications and in public meetings and over the radio, and very likely would have gained the political favor and support of certain folks that I do not now have.

But I would not have been true to my oath of office. I would have betrayed the policyholders and others whose interests I had sworn to protect.

After a most careful and thorough scrutiny of the files in the case, we replied in a letter to the Association dated October 29, 1945, in part as follows:

"We are interested primarily in how well the management performs the guardianship or trusteeship imposed on them by reason of the nature of the fraternal insurance business. The business is, of course, that of accepting money in trust for eventual payment to widows and orphans of deceased policyholders."

In our letter we also called attention of the Association officials to certain items in the June 30, 1944, examination report which indicated "some carelessness in handling and investment of the funds," and said further:

"The citizens of this state, nor other insurance companies who realize the importance of the confidence of the people in the protection of their beneficiaries by contract, do not want any careless guardians or trust officers in charge of insurance companies."

There is nothing wrong with that statement, is there? I believe any fairminded person will agree with that. It is incumbent upon the Insurance department to safeguard and protect the insuring public's investments in life and other insurance. Just a little co-operation on the part of the Association officials with the Department would have settled the entire matter at this time. But, I am sorry to say, such cooperation was not forthcoming. The Association officials instead chose to ignore the suggestion.

Krueger Suggests An Examination

In returning the Association's check we said that the application for license renewal would be considered if the Association

"would care to stand an examination to verify whether or not you are so operating the company that we can safely let the

citizens entrust their funds for safekeeping."

Followed now an almost endless chain of letters relative to the Association's affairs, between the Department and the Association's comptroller, C. E. Huff, who also on several occasions conferred with Department officials here at Bismarck.

The Association claimed to have corrected some of the practices complained of by the examiners in their report of June 30, 1944. However, the Department felt that we were entitled to examine the books of the Association to determine to what extent these mistakes had been corrected and to assure ourselves of the Association's satisfactory condition before we issued a renewal of its license.

Examination Date Set Oct. 14, 1946

"Things 'dragged along'" through the rest of 1945. Association officials seemed to make every effort to delay an examination of the Association's affairs. It was not until July, 1946, when a convention examination was finally agreed upon to start at the Association's request on July 29th.

However, this examination was postponed again at the request of the Association officials. This department was willing and anxious to give the Association all the time it desired to put its house in order, so that we would be able to issue a renewal of its license and thus get the matter settled.

October 14, 1946, was the new date agreed upon to start the much delayed examination and competent examiners from North Dakota, Oregon and Colorado were assigned to undertake such an examination to ascertain the Association's condition as of June 30, 1946.

This examination was completed on November 25 and the result of it was contained in a lengthy report filed with the Insurance Commissioner some time later.

Officials Make Handsome Profit

The report shows and the examiners made special mention of it that James G. Patton and C. E. Huff, both officials of the Association, purchased a certain piece of land in 1943 for \$10,500.00 borrowed \$7,000.00 from the Association and sold the land two years later at a handsome profit—to themselves. The examiners said of this transaction:—

"It is evident, from the abstract record on file that Patton and Huff jointly made a gain of at least \$1,500.00 on the transaction, but from reliable information gathered through other sources, the land was sold for \$16,000.00, which represents a gain to Patton and Huff of \$5,500."

Did the Association which furnished the money get any of the profit? NO. Our state insurance laws definitely prohibit company officials from using its company funds for the purpose of making personal gains for themselves.

The report also disclosed the fact that several other matters which this Department objected to as not being in conformity with North Dakota Insurance laws were still existent.

After considerable study of the entire report and a lot more correspondence between the Department and Association officials, which brought no satisfactory results, I came to the conclusion that there was only one thing to do.

Application Denied By Otto Krueger

Accordingly, on April 8, 1947, in conformity with the provisions of Chapter 26-12 of the North Dakota Revised Code of 1943, I specifically denied the application of the Association for a renewal certificate of authority to do business in North Dakota.

On the evidence before me, there was nothing else I could do.

In denying the Association's application I set forth in detail thirteen reasons for such action on my part, mailing same, together with the Order Denying the Application, to James G. Patton, President of the Association, at Denver, Colorado. (These reasons are embodied in the case with other evidence and I wish to refrain from discussing them here until the Court has rendered its decision.)

Mandamus proceedings were then started against me by the Association to compel me to renew the Association's license. This action was brought in the District Court of Burleigh County, and when the matter came up at a final hearing before the late Judge Fred Jansons on April 17, 1947, the action was dismissed.

New Hearing Held

On April 17, 1947, the Association petitioned the Commissioner of Insurance for a further hearing before me, under the provisions of Chapter 26-32 of the North Dakota Revised Code of 1943, as amended by Chapters 218 and 219 of the 1945 Session Laws.

I immediately granted this petition and it was agreed that the hearing would be held in the Commissioner's office in the State Capitol commencing at 10:00 o'clock A. M. on April 30, 1947.

This hearing was postponed at the request of the Association until May 7, 1947, when counsel for the Association, Quentin Burdick of Fargo, station on April 30 in my office that the Association was planning to meet the requirements of the North Dakota laws. Mr. Burdick proposed that the Insurance department arrange to make its own examination of the Association to determine whether all requirements had been met as claimed by the Association.

It was my understanding at that time that Mr. Burdick was empowered to speak and act for the Association and I gladly agreed to what he appeared to promise a quick and satisfactory solution of the matter.

I was anxious to have the thing settled as it had been "hanging fire" for a long time, and I was willing to go to any length to accommodate the Association short of permitting the violation of laws covering the case.

But Huff Objects

However, it was not going to be that easy.

Later that same day, April 30, C. E. Huff, comptroller of the Association, appeared in my office and stated that the Association could not permit the Commissioner of Insurance to examine the Association's books or affairs, and proposed that the Association renew an examination made by an independent firm of accountants and that the Commissioner of Insurance use such report in reaching a decision on the denial to grant a license renewal. Clearly, I could not surrender my rights as Insurance Commissioner to make such an examination under the provisions of Section 26-32 of the North Dakota Revised Code of 1943 and other provisions of law applicable to the case, and I so informed Mr. Huff. I stated repeatedly that the Association would get a fair and square deal and that if an examination by our examiners showed that the Association is meeting the requirements of North Dakota laws and is thus entitled to a license renewal, I would state as a fraternal benefit society, I will issue a license or certificate of renewal at once.

Hearing Is Resumed

It was then agreed that the hearing would proceed as contemplated on May 7 in my office. This hearing, it will be understood, was for the purpose of taking testimony from witnesses and from the Association's exhibits which may have a bearing on the case, as in court procedure, to sustain or disprove the Insurance Commissioner's reasons for refusing renewal of state license to the Association and to make a record for an eventual appeal to the courts. The hearing continued three full days.

Nels G. Johnson, attorney general, and Owen T. Owen, assistant attorney general, appeared as counsel for the Insurance department while Quentin Burdick conducted the examination of witnesses on behalf of the Association.

After a careful study of the official transcript of all testimony together with all exhibits pertaining thereto, I, as Commissioner, on June 10, 1947, issued an Order specifically denying the application of the National Farmers Union Life Association for a license or renewal license or certificate of authority to do business in North Dakota.

This order was accompanied by Findings of Fact and Conclusions of Law which held that the Association had failed to substantiate its claim of having overcome or corrected the complaints enumerated by the Commissioner.

Decision Appealed

An Appeal was taken from the decision of the Commissioner on June 16 by Attorney Quentin Burdick for the Association in a Notice of Appeal filed with the Clerk of the District Court of Burleigh County.

An Appeal Bond in the sum of \$250.00 was filed with Thomas L. Shortland and Harold Jersperson as

(Continued on Page 6)

R. O. C. MESSENGER

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W. M. SMART, Editor

Farmers Predominate

A very wholesome situation in North Dakota's government, both in the executive administration and in the state legislature, is the influence of actual farmers who know and understand the problems of rural people.

Our governor is a farmer. He was born on a farm, has lived practically all his life on a farm and until he became governor and attained the modest salary attached to the governor's office, he depended upon his income from the farm for the support of his family and the education of his children.

Senator Milton Young, the governor's appointee to the United States senate, who was overwhelmingly endorsed by the people at the June 1946 election, was born on a farm near Berlin, which he owns and operates with the help of his family. Senator Young is a member of the powerful agricultural committee in the senate, and is known as one of the most influential farm leaders in the senate.

The chairman of the Republican Organizing committee, Senator Everett H. Brant of Linton, is a farmer. That has been his business all his life. He is one of the great liberals of North Dakota and in season and out of season, in the senate and in community life, has fought for the farmers' best interests in North Dakota. There is no greater champion of the farmer in North Dakota than Everett H. Brant.

Of the 162 senators and representatives in the North Dakota legislature, 109, about two thirds of the total, are farmers. There are eighty-five farmers in the house and twenty-four in the senate.

North Dakota is one of the most purely agricultural states in the Union. Every dollar of the people's income comes from the soil. The welfare of the store keeper, the blacksmith, the clerk, the banker, the school teacher, the mechanic, the oil and gasoline dealer, the lumberman and the hotel man all depends upon the success of the farmer.

What we need in North Dakota is a realization on the part of every citizen, rural and urban, that his supreme economic duty is to assist in every possible way the farmers of North Dakota in bringing about prosperous and stable farm conditions in our state, and it is highly beneficial that there are so many actual farmers among the leaders of our state administration.

Senator Brant On Taxes

We urge our readers to read the address of Senator Brant, our state chairman, on taxes in North Dakota. Our opponents blame the ROC for the increase in property taxes in 1947.

The truth is, as Senator Brant explains, this increase is not due to any increase in state taxes (the state levy is actually lower than in 1946) but is due entirely to local taxes, those levied by counties, townships, cities, villages and school districts which were compelled to levy more taxes to pay for the inflationary costs of government.

What is most significant. The ROC opponents who are loudest in their blame of the ROC were the stoutest champions of the bills permitting the local municipalities to make the increased levies because they knew that hundreds of schools would close and scores of municipalities would cease to function entirely if more funds were not provided.

The members of the Non Partisan league and the members of the farm organizations voted unanimously for the bills raising the levy limits.

Some of the ROC opponents explain the situation this way:

"We know that we fought and voted for these tax levy increases, but the increase in taxes came while we were in power and we believe that the voters will blame you, and not us, for the increase."

A Sound Financial Policy

Every Messenger reader should study the article by Gov. Fred G. Aandahl on "What Constitutes a Sound Financial Policy."

Due to good times and wise governmental management, North Dakota has about \$92,000,000 in the state treasury, but it is wise to re-

member that about \$80,000,000 of this belongs to trust and special funds that cannot be used for paying the costs of government.

Among these funds are permanent school funds aggregating \$27,500,000, sinking funds to retire the real estate bonds amounting to \$14,600,000, workmen's compensation funds aggregating \$8,100,000, school equalization funds amounting to \$6,900,000, Post War rehabilitation funds aggregating \$5,000,000, teachers' retirement funds of \$2,900,000, state bonding funds of \$1,400,000, fire and tornado funds of \$2,400,000, hail insurance funds of \$3,500,000 and highway department funds of \$2,300,000.

The ordinary operating expenses must be paid out of the general fund of about \$12,000,000, which the state has after transferring three millions to the highway department, three millions to the post war rehabilitation fund and \$900,000 to the hail department.

But out of this \$12,000,000 must be paid the unexpended part of the institutional building appropriations amounting to about \$4,000,000, so it is doubtful if this general fund is too large. It is ample to meet all foreseeable expenditures and will probably provide adequately for any drop in state revenues due to any future less favorable economic conditions.

We believe the financial policy of the North Dakota state government is embedded in sound principles.

Growth Of Federal Power

The decision of the U.S. Supreme court that in the absence of congressional acts the paramount rights to the oil submerged under the tidelands three miles at sea rest in the federal government, does not mean that congress should not decide definitely whether these lands belong to the states or to the federal government.

We have heard much about the views of those who would extend the rights of the federal government toward centralization of federal authority at the expense of the states, but little has been published regarding the contentions of forty-three attorney generals, including our own Nels G. Johnson.

The contention of the forty-three states, that these lands belong to the states and not to the federal government, is based on Article 10 of the United States constitution which says:

"The powers not delegated to the United States by the constitution, nor prohibited by it to the states, are reserved in the states respectively, or to the people."

No delegation of ownership of these tidelands bordering the states has ever been given to the federal government, and the extension of these rights without congressional enactment is an extension of authority in Washington.

The question is, Should the constant and unchecked growth of federal power as against the rights of the states be continued, or should the people of America call a halt?

In order that our readers may know the views of forty-three sovereign states, we present below extracts from Attorney General Johnson's arguments before the Judiciary committee of the United States senate:

There are a great many people who do not believe that the federal government can perform many local functions as effectively as the states, and that further encroachment upon state sovereignty by the federal government is dangerous to our continued liberty.

Our forefathers also knew that government close to the people was the best and more easily controlled to effect their wishes and desires. A government close to the people, and in their local control, was the aim and desire of the founders and framers of the United States constitution.

The fear of a powerful federal government was actual and real to our forefathers and the constitution was an attempt on their part to keep the tendency toward centralization of federal authority within certain bounds.

All authority of the United States government must find its basis in the constitution and the laws enacted pursuant thereto. Yet it is a fact that as it is now being interpreted and construed, local governmental power, historically and generally conceded as belonging to the states, is said to reside in the government of the United States.

One of the prevalent evils of our times in the United States

We Must Return to Sound Government Says Robertson

The trend toward centralization of power in Washington and the multiplication of federal controls that threaten to strangle free enterprise must be stopped is the opinion of Congressman Charles R. Robertson.

In an article on "How Can We Maintain a Free Enterprise System," Congressman Robertson says:

Under private enterprise the United States has developed into the greatest power on earth—and equally important, has preserved freedom of mind and body.

Under private enterprise our forests were cleared, our railroads constructed, our factories built, our ore and coal mined. The United States is an industrial giant today, because free enterprise made her that giant.

Under private enterprise the shackles of slave labor have been broken, and the highest living standard in the world attained.

Under private enterprise, twice in the last thirty-five years, the United States has produced and equipped and trained armies and navies to win two world wars.

Yes, under private enterprise we have attained an unbelievable industrial and moral strength. Throughout history mankind has sought per-

Laub Says Interest Grows In Grant County

H. G. Laub, ROC chairman in Grant county, says interest in ROC affairs is growing rapidly in Grant county, and that a good delegation will be sent to the ROC state convention on March 22 and 23.

"Many Grant county citizens are becoming very much interested in political matters," says Mr. Laub. "I believe that the ROC is gaining strength in this county."

is the constant and unchecked growth of our federal government, which now has grown to such staggering proportions that it cannot be encompassed by the imagination of men.

Government, whether in our country or any other, feeds on power.

The larger it becomes, the greater its demand for personnel and governmental officials, and the greater its expansion, the greater will be its needs for money, and the more personnel involved in government, the greater will be the efforts of that government to find and perform functions to keep it active and to justify its continuance and support.

Under this doctrine, if correct, and allowed to remain the law of the land as pronounced by the United States Supreme Court, the federal government may ultimately claim a paramount right, in the interest of national defense and security, in all the minerals of the states.

The doctrine arises out of a philosophy of government that seems to exist in the minds of those who continuously, either by direct or indirect means, are seeking further centralization of authority in the government of the United States, and who feel that the functions originally, and still believed to be the prerogative of the states of the union, can better be performed by the United States government.

The trend towards centralization of power in the United States government has already gone too far, and if the health of our dual system of government is to be retained, it is imperative that no further extension of centralized authority be granted either by the Congress or by judicial interpretation of the constitution.

In our yearning for security, it has become the thought of many that to provide it adequately, we need a powerful central government; a government that acts from the top down, which is in utter conflict with our original theory of government. Are we going to find a solution to our yearning for security more easily in such a government than one that is operated from the bottom up?

The California decision is but another wedge that may ultimately go a long way to destroy the republic. In my humble opinion, our chance of keeping this government a republic must rest on our constant and persistent endeavor to keep properly balanced the powers of the states as against the federal government.

Bismarck, March 22-23
ROC State Convention

sual liberty and security. In our nation we have both of these to a much greater extent than any nation in the world. In order to continue in these achievements, we must maintain our free enterprise system.

Monopoly Bad In All Forms

It must be stressed that our system of private enterprise and free competition does not condone monopoly. Monopoly is the very antithesis of free competition. Monopoly within private industry is as great a threat to our way of life as is government socialism, or monopoly of labor.

The House Appropriations Committee, of which I am a Member, this year increased funds beyond the amount requested by the President for the Department of Justice for the enforcement of anti-trust laws. We also allowed the full Budget estimate for funds for the Federal Trade Commission for enforcement of the Fair Trade Practices Act.

This action is not enough. Laws on our books must be strengthened, and more important, the Administration, be it Republican or Democratic, must prosecute monopoly with its utmost vigor. We cannot countenance monopoly if we are to preserve our free American economy.

Gives Definition of True Liberalism

I so strongly believe in the basic truths of our Constitution and our system of free enterprise that I resist any attempt to undermine them, whether by so-called liberals espousing a gravitation to autocracy in Government, or by radical groups as the Communists who will stop at nothing to take away from the people of the Nation those rights which have meant so much to the United States and its advancement.

There is room for sincere liberal thought in our Nation. Reforms of many kinds are necessary, and without liberal thought there would be little advancement. But the trend of liberal thought born of the New Deal would undermine our Constitution and deprive our citizens of that most cherished of freedoms—the right of fair competition.

I challenge this mis-guided liberalism. A liberal is one who seeks for his fellow man a greater degree of liberty. A government increasing its central authority, year after year, may purport to grant security, and promise to leave liberty unscathed, but no government can grant a people security, by so doing it takes away their liberty. That liberty—our unrivaled system of free enterprise—has been our greatest source of strength and security.

We Should Return To Constitution

The most important single step needed to preserve our free enterprise system is the return to Constitutional government.

The Constitution of the United States of America has insured the freedom of our people, and has provided the opportunity for moral and material advancement.

The founding fathers rightly and righteously feared a "super-state," and wisely made reservations which have been effective throughout our history until recent years. Through the Constitution they granted certain powers to the Federal Government. All other powers were reserved in the sovereign people, and their local governments. Further, the drafters of our Constitution provided for a separation of powers between the Executive, Legislative and Judicial branches of government, so that autocratic rule would be impossible. The people of the United States, and their elected representatives in government, fed with emergency propaganda, living from man-made crisis to crisis, and fearing chaos unless the Executive's powers were expanded, have unwittingly assisted

(Continued on Page 8)

Voters, Beware!

The same questionable leadership that tried to destroy North Dakota Water Development Program now openly in State politics.

HEARINGS

Before The
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
Eightieth Congress

Page 726:

Monday, May 26, 1947.

GARRISON DAM

STATEMENT OF RUSSELL SMITH, LEGISLATIVE SECRETARY, NATIONAL FARMERS UNION, WASHINGTON, D. C.

Mr. Smith. My name is Russell Smith, and I am legislative secretary of the National Farmers Union.

I do appear here today in a triple capacity. I am appearing for the National Farmers Union and for the South Dakota and North Dakota State Union. . .

Mr. Smith. THEN, ON BEHALF OF MR. GLENN J. TALBOTT, PRESIDENT OF THE NORTH DAKOTA FARMERS UNION, I SHOULD LIKE TO READ A BRIEF STATEMENT OF HIS.

Mr. Engel. How long is it and how long will it take?

Mr. Smith. All right, sir; it will take five minutes.

Mr. Engel. Very well, go ahead.

Mr. Smith. (reading):

"It is the STRONG CONVICTION OF OUR MEMBERSHIP IN NORTH DAKOTA, and in other States affected by the proposed GARRISON DAM, THAT CONGRESS SHOULD DENY FURTHER FUNDS FOR WORK at the site and direct that a special comprehensive survey be made of the problem and proposals before any action is taken. The survey should be made by a group of experts appointed by the President either from among citizens in private life or from Government personnel in agencies other than the Corps of Army Engineers or the Bureau of Reclamation.

"There is no doubt whatever that sentiment against the proposed dam is growing daily."

North Dakota's Highway Problems Outlined by Commissioner Jones

Highway Commissioner N. O. Jones is tackling in a serious and aggressive way North Dakota's highway problems. Fundamentally the problems stem from the fact that for over fifteen years due to adverse economic conditions our state highways have been neglected and now we are faced with a tremendous task, and all the roads needed cannot be built in one year.

Legislative enactments in 1947 have now given the state increased financial aid and the department is working aggressively under a state-wide plan. Some eight million dollars in new roads and road improvements are planned for 1948.

Discussing the state's road problems, Mr. Jones says in the following article:

To many people the Highway Department is only considered as being an organization whose principal function is to furnish the state with

N. O. JONES

Highway Commissioner N. O. Jones says that the 1948 highway construction program calls for the expenditure of approximately \$8,000,000 but probably the entire program cannot be completed in 1948.

About \$1,250,000 will be spent on concrete surfaces and an equal amount on blacktop this year. The remainder will be expended for gravel-surfaced highways.

The figures include the cost of grading as well as surfacing. The program involves about 300 miles of construction.

Jones says that many miles of highway graded last year will not be hard-surfaced this year. He said the department felt it could make a greater over-all saving on its investment by improving the grades at this time than by hard-surfacing the highways already graded.

"The oiled surfaces we will add later," Jones said.

highways and they seldom, if ever, give thought to the serious economic problem which a good highway system presents. As provided by Statute, the gasoline tax and motor vehicle licenses furnish the revenue which makes possible the highway system of the state. For many years past the revenues which have been provided were entirely inadequate to properly maintain the mileage. More recently, Initial Measures passed by the people and Acts by the Legislature have substantially increased the revenues available to the State Highway Department for maintenance and for the matching of Federal Aid for reconstruction of existing highways. During the war years, practically no construction work was performed except that which was imperative for possible military service. This was true all over the Nation and it was found by a National Survey that as construction programs lagged, maintenance expenditures were directly affected by an increase in proportion to the decrease of construction expenditures. This, of course, has been true in North Dakota as well as in the balance of the Nation. In view of the need for the improving of many miles of our highway system to reduce the maintenance cost by reconstructing portions to a new and modern design, it is felt that we should proceed even though present day inflated costs reduce the total amount of work which we could have expected a few years ago with the same amount of money.

Highway Needs Are Outlined

North Dakota has three distinct classes of highway needs—namely, concrete, oil and gravel surfaced roads. These classifications are established by the volume of traffic, the volume of tonnage for vehicle loads, soil conditions, drainage conditions, and the importance of the highway in the communities which it serves. For highways on a state system the grade design is basically the same for all three classifications. It is generally agreed that the highway should be built well above the surrounding terrain, the slopes should be flat and the ditches wide and shallow so that the wind can sweep the roadway itself and under normal winter conditions keep it clear of snow. This type of roadway not only reduces the snow removal costs during the winter but it saves the roadway from excessive moisture in the spring where the snow had accumulated during the winter and thawed. The moisture seeps through the grade saturating it thoroughly,

softening and loosening the entire surface. Loads then of course break up the traveling surface and from a standpoint of service, the highway becomes unusable. Where drainage conditions are good, such as in gently rolling or in rolling terrain, where the soil is of a reasonably light texture, a high type of oil surface on a well constructed base will give very satisfactory service for the volume of traffic normally carried on many miles of our highways which may also include reasonably heavy tonnage in vehicle loads. Where the soil is of a heavy texture, as for example in the Red River Valley, and where drainage conditions are bad because of the flat terrain and traffic is heavy both in volume and in tonnage of vehicle loads, concrete surfaces are the only ones known at this time that can possibly stand up, particularly in the spring when the frost comes out. Concrete pavement is a rigid surface and can support itself over voids which occur from the settling of the ground and various earth movements which take place in freezing and thawing of heavy soil. Oiled surfaces, regardless of how expensive they may be built, are at the best only a flexible pavement. The surface itself has no rigidity or tensile strength to support the loads which go over it. It is entirely dependent upon the base that lies below the surface for support. The cost of an oiled surface highway is approximately three times the cost of building a gravel surfaced highway and concrete is approximately five times as much. There is some compensation returned because of reduced maintenance on concrete surfaced highways. As an example, on the concrete mileage on the state system in recent years the maintenance expense has been approximately \$120 per mile. On oil surfaced portions of the same trunk highway where traffic use of the road was equal to that of the concrete the maintenance has exceeded \$1500 per mile. The savings effected in maintenance by the concrete surface over a period of years will pay for the difference in the added cost and will provide a wearing surface which will carry the traffic for many years much more satisfactorily than the oiled surface roads could do under adverse soil and drainage conditions.

N. D. Has Three Basic Types of Design

There are three basic types of design considered as being sufficient to handle our traffic needs. It is then necessary for the Highway Department to divide its work program so as to do some portion of highway improvement in each of the three design groups. We propose to reconstruct a limited mileage in the Red River Valley each year where traffic conditions are the heaviest, where vehicle tonnage loads are perhaps higher than in any other portion of the state and where the soil conditions are very poor from a standpoint of building good highway grades.

Our 1948 program calls for an expenditure of approximately eight million, of which a million and a quarter dollars will be spent on concrete surfaces, approximately an equal amount on oiled surfaces, and the balance of our funds on gravel surfaced, all of which includes grading as well as surfaces, and involves approximately 300 miles. It is doubtful that we will be able to complete this amount of work in one construction year; however, we believe that we should plan more work than we anticipate having done in

view of possible changing conditions which would allow us to do more work than the conditions today would indicate. Many miles of highway that were graded during 1947 will not be oil surfaced in 1948 inasmuch as we feel that we can affect a greater saving in our overall investment and in our maintenance cost by improving the grade of more miles with those funds so that we can lower the tremendous snow removal cost which we are having this winter. The oiled surfaces we will add later.

In 1947 we awarded contracts for highway improvements affecting 251 miles of the highway system. This involved grading, and oil surfacing projects and approximately 20 miles of Portland cement concrete. Contracts were awarded in 1947 in the amount of approximately two million dollars for the work to be performed in 1948, contracts being awarded too late in the season for the work to be completed but it did allow the contractor time to stock pile the necessary materials, move his equipment, etc., to the project so that he will be ready to start as soon as spring weather conditions permit.

Spring Frosts Cause Damage

Another economic problem which faces the Highway Department is that of load restrictions in spring when the frost comes out. This is a very disagreeable situation to cope with. We have approximately two thousand miles of oiled surface highways representing an investment, if we were to replace it today, in excess of sixty million dollars. This investment can be seriously jeopardized if we were to allow all vehicles and all types of loads to drive over this mileage in the spring when the frost is coming out and the subgrade is soft and unable to support the loads. The only thing then for us to do is to restrict the load to what our engineering staff considers a safe amount that may be allowed to go over the highways for the period while the frost is coming out and the subgrade is drying and until it becomes firm enough to again support the loads. To allow loads too heavy for this state of the highway surface from the standpoint of injury is to risk the expenditure of several hundred thousand dollars in repair. While the restrictions present an inconvenience to heavy hauling for a period of time, the same users that the restrictions are off they can enjoy good highway surface conditions for the balance of the year. Without restrictions the roads would be broken up and with the normal rains which come in the spring the entire grade would become saturated and it would perhaps be a matter of months before these soft spots would be dried out sufficiently to put on a new surface. A great deal of work and expense would be involved in drying out these places and replacing the oiled surface. This cost has reached as much as a half a million dollars in previous years. To allow such a condition to prevail again would be sheer waste of public funds.

Load restrictions are therefore essential for the preservation of our highways. The same conditions prevail in regard to graveled surfaces except that the cost of repairing them is very greatly reduced. Maintenance expenditures in 1948 were \$3,473,000 for general maintenance outside of major purchases. Our plans for maintenance work in 1948 involves a similar amount and our plans for maintenance work in 1949 will be much the same as that carried on in 1947. We plan to seal many miles of oil surfaces and re-gravel many additional miles of gravel surfaces. Combined mileage improvement of this nature covered 1251 miles in 1947.

Will Build Roads Under 1947 Law

We plan to reconstruct quite a substantial mileage under the highway law under provisions of the law passed by the last Legislative Session. Several miles were constructed in 1947 and we hope to equal or exceed that amount in 1948. This work is carried on on lesser important highways where only the most severe conditions exist.

While the Department is very much in need of additional new equipment, we are holding our equipment purchases to a reasonable proportion of the total amount of money available for maintenance for all purposes. In 1947 we paid

Lemke Says Production Costs Must Be Minimum Price

In the belief that American farmers face some criticism in the future, Congressman William Lemke believes that farm prices must be based on cost of production as the minimum.

Discussing the farm situation in North Dakota Mr. Lemke says:

The recent ups and downs in price of farm products is just a forerunner. There is no legislation that will permanently protect the farmer from again being made the shock absorber. In fact, there was little difference between the Hoover depression of 1932, and the Roosevelt recession of 1937, 1938, and 1939.

During the depression wheat was as low as 25c a bushel, oats 4c and eggs 14c a dozen. Under the recession wheat was as low as 38c a bushel, oats 9c and eggs 7c a dozen. During the depression it cost \$8.62 to farm an acre of wheat in North Dakota. Under the recession it had risen up to \$19. So there was little difference as far as the farmers were concerned.

Again, the farm population has decreased from about thirty-three million to nineteen million, while the general population increased sixteen million. In the past, the farmers elected about one-third of the Congressmen—now about one-seventh. This makes farm legislation increasingly difficult.

Some of the legislation recently passed will affect agriculture adversely. I have reference to the Reciprocal Trade Agreements. Already foreign farm products are coming

Issues Booklet On School Music

The Department of Public Instruction has just issued a new book on courses of study for high school music.

"These syllabi were developed through the cooperation of various music educators in the state," said Garfield B. Nordrum, state superintendent of public instruction.

Nordrum said "It is our hope that these syllabi will be helpful to all high school music instructors and that they will aid in the improvement of the quality of music instruction in the high schools of the state."

\$600,000.00 for equipment, some of which was ordered in 1946 and not delivered until 1947. We are attempting to divide our maintenance expenditures much on the same basis as that outlined above on construction. Many old pieces of maintenance equipment were purchased prior to 1935. We have many trucks which we are using on rather limited service which have in excess of 200,000 miles on them, but to replace all of this old worn out equipment would take in excess of a million and a half dollars and we do not feel that it would be economically wise to spend such an amount of money for equipment when we have so many portions of the state highway which need expenditure of funds to improve them for traffic.

We are endeavoring to operate the Highway Department on principals so as to get as much value as possible from the inflated dollar and to get as much improvement both in new work and maintenance as is possible to get.

We are offering our engineers a salary which we believe comparable with all other similar organizations. We have avoided and will continue to avoid overstaffing in any of the branches of the Department.

Our construction season, particularly with regard to oil surfacing work, is very short. Our winters are quite severe, usually with a lot of snow and deep frost. Cost of snow removal is one of the most wasteful expenditures the Department has from the standpoint of economy. We have nothing to show for the expenditure which has been made except tremendous repair bills for trucks and equipment which has been used for battling snow drifts throughout the winter.

Time is of very great importance in all construction and maintenance functions and a great deal of it is going to be required for the fulfillment of the desires of the public to have the major mileage of the State Highway System improved to a dustless surface. Many will become impatient with the progress that is made, but a long range plan such as the Department has worked on and is still expanding seems to be the only way that the ultimate goal can be reached.

Into this county in competition with American farm products. More will come in as Europe and Asia get on their feet. More of them will come in from Latin America because of these agreements.

U. S. Cannot Compete With Slave Labor

There are other foreign elements that affect the future of agriculture. Under our insane foreign policy, American trade and industry machinery have been sent to practically every nation on the globe. Our Executive Departments have sent experts to train foreign people—even in Russia—how to operate and use American implements. At the very time that Tito shot down five of our aviators, hundreds of tractors were sent to Yugoslavia.

With these farm implements, foreigners, using peon and slave labor, will compete with the American farmer in our own domestic markets—markets that we have given to foreign and domestic horse traders under the Reciprocal Trade Agreements.

There is only one solution to the agricultural problem and that is cost of production. The floor and ceiling below which prices will not be permitted to go for that part of any agricultural product domestically consumed. Or if you wish to, call it one hundred percent parity, which is ten percent less than cost of production.

There need be no surplus of American farm products. There is a great shortage of gasoline. Let us use the surplus farm products in manufacturing alcohol for motor power. Why not take both the state and federal tax off a ten percent alcohol-gasoline blend? Such a blend has proven to give more power, and better service per gallon than straight gasoline. Here we can save millions of barrels of gasoline.

Price Must Reach Production Cost

I repeat there is only one permanent remedy for agriculture—cost of production as a minimum price. This is not only five agricultural products, but on some forty. It was for this reason that I introduced H. R. 794. This bill is the revised, streamlined, twentieth edition of similar bills. It has had the endorsement of over six hundred different Members of Congress within the last fifteen years.

Section 2 (a) of this bill provides that "The Secretary of Agriculture shall ascertain and report annually for each year the average cost of production to the farmers of each such agricultural product. Such average cost of production shall be determined after public hearings, participation in the representation of farmers' organizations, and by other interested parties. It shall include depreciation and soil depletion, and all items of cost, including production expenses, interest, taxes, wages of farm and family labor, a return of 4 per centum on farm property equity, and compensation to the average weekly earnings of the industrial worker as found and determined by the Secretary of Labor."

The bill provides that in case there is no reasonable standard of price, classification or quality for any such agricultural product, then the Secretary, after public hearings, participation in by representatives of farmers' organizations and other interested parties, shall promulgate a basic grade, staple, classification, or quality for such agricultural product.

It further provides that surpluses, if any, are to be exported by coops, individuals or corporations. These organizations are bonded and not permitted to sell any of these surpluses in the domestic market. This bill also provides that these surpluses may be sold to processors and manufacturers, and put into finished products, but again must be disposed of in foreign countries and not in competition with the domestic products.

Under this bill, when enacted into law, there will be no interference with the domestic market, until the price of a commodity falls below cost of production. When that happens, the bill provides that "It shall thereupon become the duty of the Secretary of the Treasury to levy and collect upon such foreign competing agricultural product or substitute notwithstanding that such agricultural product or substitute may have been originally produced in the United States or in any of its possessions, in its processed or manufactured or in its unprocessed or manufactured state, and imported from any foreign country into the United States or any of its possessions, a duty equal to the difference between the world price and the cost-of-production price of such product, plus 5 per centum of such cost-of-production price."

Of State's \$92,000,000 Cash About Eighty Millions Are in Trust Funds

Some people think that the State of North Dakota with its \$92,000,000 cash on hand has altogether too much cash. The truth is that of this big sum, about eighty millions are in trust funds or special funds, none of which can be used for regular normal governmental operations.

After transferring millions to the Veterans' Rehabilitation fund, the state highway department and the state hall insurance fund, the general fund still has about twelve millions. This is large enough to take care of ordinary needs and to provide for future drain on the state's cash due to adverse business and agricultural conditions.

A graphic picture of the financial situation is given in the following article by State Treasurer H. W. Swenson:

It is said that John came home one evening quite peeved and out of sorts because Joe had monopolized the time telling the folks about himself, when John wanted to entertain them with stories of his accomplishments. Talking shop is not always the most interesting or entertaining thing one might choose to indulge in, but this is your shop I am going to talk about; your state finances.

When one speaks of \$92,000,000, without saying anything about where it came from or the use to which it is allocated, say, one of the first things that comes to mind is why all this money and how was it raised. That is the reason I would like to talk shop with you and try to break this sum down, showing where it came from, and what uses may be law be made of it. The figures that I will use are those of December 31, 1947, since that is the end of a calendar year, and the time that the state examiner makes his annual check of the office.

On that date the General Fund balance showed \$12,977,779.27.

The main sources from which the revenue in the general fund comes, are (1) 5/12 of the sales tax for use by the Public Welfare Department, (2) Income Tax; (3) Cigarette and Shuff tax and licenses; (4) Beer tax; (5) Approximately 40% of liquor tax; (6) General property tax levied at 250 mills or about \$1,247.293.00; the balance from such items as Commissioner of Insurance and miscellaneous fees from other state departments.

Permanent school funds, deposits and investments in round figures are \$27,642,000.00.

This is a trust fund secured from the sale of school lands and must be kept intact, and only the earnings by way of interest may be used for operating purposes.

The sinking fund balances for retirement of the Real Estate Bonds amounts to \$14,572,792.33.

This comes from the sale of land, sold on contract to individuals, which was secured by first mortgages and pledged to pay bonds sold for making the loans. This is also a trust fund and can not be used for any other purpose than retirement of bonds.

Workmen's Compensation Funds, collected from employers to insure employees, and also earnings from investments of such funds total \$8,171,545.29.

These funds are collected from employers only and are trust funds for payment of benefits to employees designated by law to be entitled thereto.

Equalization funds for schools, derived from 7/12th of sales tax amount to \$6,802,722.44.

Moneys appropriated from the General Fund, by the state Legislature for Veterans Post War Rehabilitation Reserve Fund total \$5,000,000.00.

This is composed of \$106,802.06 in cash and the balance in U.S. government bonds.

The Teachers Insurance and Retirement Funds have \$2,595,086.86.

This fund is made up of contributions mostly from the teachers, and the balance from school districts, and interest earnings, and is a trust fund for payment to teachers on retirement as provided by law.

State Bonding Fund amounts to \$1,385,221.63.

This is derived from collection of premiums on bonding of public officials and employees, and can be used only for payment of losses sustained by claimants covered by the bonds.

Fire and Tornado Funds total \$2,432,364.00.

This is derived from payment of premiums by political subdivisions

Counties' Share Of Gas Tax Increases Over Half A Million

The passing of the initiated tax exempt law has brought about some great benefits to North Dakota counties. Under the new law which was strongly favored by Gov. Fred G. Aandahl, counties received as their share of gasoline tax collections \$1,424,297.97 in 1947 as compared with \$917,811.31 in 1946.

Thus the counties will receive more than half a million dollars extra funds for road improvement.

The following figures are the total sums returned to counties for 1947 and 1946, according to a compilation made by State Treasurer H. W. Swenson. These sums are arrived at after deducting 40 per cent which is considered adequate to take care of refunds to purchasers coming under the tax exempt law.

	1947	1946
Adams	13,727.63	8,736.76
Barnes	42,269.33	27,573.89
Benson	24,371.48	17,328.58
Billings	4,746.81	3,309.44
Bottineau	32,569.66	21,342.62
Bowman	11,898.16	7,585.01
Burke	18,680.58	12,521.08
Burlingame	48,190.06	29,419.19
Cass	119,180.06	72,539.62
Cavalier	28,335.17	16,506.42
Dickey	21,441.38	13,696.80
Divide	18,555.74	12,391.39
Dunn	16,751.39	11,348.85
Eddy	12,248.33	7,665.73
Emmons	21,500.38	14,082.76
Foster	13,096.92	8,492.70
Golden Valley	11,161.58	7,169.15
Grand Forks	73,696.06	46,446.07
Grant	17,704.66	11,498.45
Griggs	14,200.88	8,809.03
Hettinger	20,225.59	13,492.69
Klafter	13,179.00	8,412.56
LaMoure	23,532.32	15,519.54
Logan	14,497.73	9,616.07
McHenry	30,514.66	20,327.35
McIntosh	18,195.52	12,050.26
McKenzie	19,331.28	12,766.42
McLean	38,563.22	25,154.06
Mercer	12,174.52	7,847.52
Mountrail	39,439.42	25,617.14
Nelson	30,117.95	19,282.26
Oliver	19,823.58	13,074.07
Pembina	7,935.14	5,255.52
Pierce	37,462.86	24,457.62
Ramsey	18,894.48	12,723.81
Ransom	32,802.89	21,020.77
Renville	21,082.35	13,587.52
Richland	15,286.14	10,081.65
Rolette	46,296.27	30,445.60
Sargent	17,334.38	11,259.96
Sheridan	18,061.34	11,843.76
Slope	13,712.21	8,564.57
Slope	6,124.07	3,814.10
Stark	6,924.01	4,570.75
Steele	32,400.57	20,800.78
Stutsman	14,256.84	9,366.71
Towner	48,202.32	30,892.41
Trinity	17,172.83	12,723.81
Walsh	32,478.59	21,350.13
Ward	47,621.59	31,018.77
Wells	70,749.65	44,129.41
Williams	26,175.39	17,338.06
Williams	42,548.09	27,483.08
TOTALS	\$1,424,297.97	\$917,811.31

and covering public buildings and property. Money can be used only to pay losses covered under the policies written for the protection of the various political subdivisions.

Highway Insurance Funds paid in by persons whose crops were insured under this department, \$3,560,220.00.

Highway Department funds are \$2,277,399.90.

These are for Highway Construction, maintenance, operating, and other purposes, and State Highway Special Construction, and other special funds.

Earnings from permanent school funds herein before listed, show \$607,140.47.

Land Department reserve funds, \$573,526.96.

Game and Fish, \$748,764.06.

Seed Department revolving funds, \$254,844.19.

County Highway Aid, \$298,162.31.

The above are some of the larger balances in various funds, and more or less general. The purpose being to make a general breakdown of funds to show the various purposes for their use. They are not all of the funds, the others being of smaller amounts and are listed in the semi-annual report of the department.

Will Spend \$24 Million On N. D. REA Lines

Congressman Robertson says North Dakota will receive \$23,948,000 to build 12,871 miles of line in fiscal 1949. This would service 16,204 North Dakota families, bringing the total connected to REA-financing lines to over 28,000 families, he said.

But even when this \$24 million finally takes shape as rural power lines, only about 42 per cent of the farms in North Dakota will be electrified. The latest survey shows 58,000 un electrified farms in North Dakota, the representative said.

Otto Krueger Tells Graphic Story

(Continued from Page 3)

sureties. On the same day a Stay of Execution was granted by the late Judge Fred Jansons upon posting a Stay Bond in the sum of \$1,000.00 with the same sureties as above named. The case will presumably be heard by some District Judge in the state in the near future.

To keep the record straight I wish to remind you that I have issued licenses to two Farmers Union companies, they are: National Farmers Union Auto and Casualty Co., a Utah corporation, and to the Farmers Union Mutual Fire Insurance Company, located at Jamestown, N. D. These two concerns are complying with the requirements of North Dakota insurance laws and are therefore entitled to be licensed. And I would be pleased to issue a license to the National Farmers Union Life Insurance Company of Colorado if the management would show a reasonable degree of co-operation with this Department, indicating a willingness to comply with legal requirements. And, I might add, there are 438 other insurance companies doing business in North Dakota—among them are 25 other fraternal companies, 35 county farmers mutual companies, etc., and to all of them the same laws are issued and a good relationship exists between the companies and this department.

Clinton P. Anderson, secretary of agriculture, and Sen. Milton R. Young were guests at a breakfast in the club at Fargo March 11, sponsored by the agricultural committee of the Fargo Chamber of Commerce.

North Dakota May Be Powerhouse Of Entire United States

North Dakota is one of the few states in the union that some day in the comparable near future may be called on to supply the United States with much needed power—both in the form of electricity and gasoline.

Our rivers will supply hydro-electric power and our lignite coal and natural gas will supply gasoline.

The federal government is fully aware of the potentialities of North Dakota's natural resources and are already preparing plans for the full utilization of our coal reserves. The bureau of mines in cooperation with army engineers plans to start immediately a study of available synthetic fuels sites.

J. J. Walsh, North Dakota state engineer and secretary of the state water conservation commission, is recommending that a thorough study of the state's natural resources, particularly that of gas, oil, and other products be made by federal and state geologists.

For several years a synthetic fuel oil plant has been in operation at the North Dakota university extracting gasoline from lignite. The experiments have been highly successful, although at first rather costly. However, new processes have been evolved, lowering the cost per gallon considerably. And continued research will undoubtedly bring it down to the objective of from three to four cents per gallon.

When that time comes, plants may be erected near the principal lignite coal fields in the western half of the state extracting gasoline from our coal. Our lignite has also other possibilities: Its oils may be used in manufacturing lubricating wax, wax polish and other products.

And pipe lines may radiate in all directions carrying gasoline to populous centers.

Krug Asks for \$9,000,000,000

Secretary of the Interior Krug is recommending to congress that a fund of \$9 billion be made available for the erection of from 75 to

100 plants in the 20 coal producing states during the next five to 10 years. And North Dakota was specifically mentioned as one of the states "most likely" to be favored with such plants because of the 600 billion tons of lignite underlying the western half of the state.

Other states with heavy deposits of lignite are South Dakota and Montana with a combined tonnage of approximately 315 billion tons.

"North Dakota," said A. C. Fieldner, head of the fuels division of the U. S. bureau of mines, "probably will be as important a source of oil and gasoline as east Texas oil fields are today."

As a partial answer to the oil shortage that today faces the United States a senate subcommittee approved a three-year extension of the government's synthetic fuel program, with the possibility of increasing the present \$30,000,000 appropriation to \$60,000,000.

Dr. E. V. Murphree, head of the Standard oil development company, told the committee that the United States may have to import considerable amounts of petroleum within 10 years to meet its needs.

Hydro-Electric Power To Help

North Dakota hydro-electric power will be available in great quantities to other states after 1954, army engineers state, or after the Garrison dam is completed. This reservoir is to produce 320,000 kw. Secretary Krug says that the Crosby and Des Lacs reservoirs will produce 70,000 kw. each during the irrigation season.

"The program now laid out on construction schedules," Krug said, "not only would help to meet irrigation and hydroelectric power needs in the west, but by substantially easing the pressure on critical fuels the projected new hydro power would help to conserve vital petroleum for aircraft, automobiles, military and naval uses and other essential needs for which there is no substitute available."

Women Admire Honesty and Strength of Character

That North Dakota women have great admiration for honesty and strength of character in the administration of state affairs and that they are going to support state officials showing these characteristics is the opinion of Mrs. Fred P. Mann, Sr., one of North Dakota's veteran women workers.

In a special article written for the Messenger, Mrs. Mann says:

"Every woman in North Dakota must be interested in good government. Every woman should see to it that our state officials are selected from the very best material available. She should vote and work for men who have proven themselves capable of sound, efficient, honest government. The administration that the ROC Aandahl Administration has given us the past two years has been sound, honest, efficient, and every woman in North Dakota should support the ROC Aandahl Administration in its bid for reelection.

"The efficiency of Governor Aandahl and his administration has placed North Dakota in an enviable state financially. Every department of the State's Government shows a healthy surplus and a tremendous amount of advancement for monies expended. There is no waste in our present state government. Politics has played no part in a choice between efficiency and personalities. It has been first, last, and always a business administration and all the affairs of our state government has been handled in a business-like manner. We women all recognize and applaud efficiency. We believe in it in our own homes; if we are in business, efficiency is our watchword; and so we can all recognize the efficiency that has been employed in our state government. If for no other reason, we should wholeheartedly support the ROC Aandahl Administration for efficient government.

"Another thing that we women recognize is honesty and strength of character. Governor Aandahl and his ROC Administration has demonstrated this trait to us many times. Forcefulness from the Governor through the entire administration has caught and held our admiration. We women can detect dishonest and wishy-washy officialdom and

condemn it instantly. By the same token, honesty and strength of character gains our warm and hearty support. We like men of decision, men of action, men who do things. That is why we are going to support wholeheartedly Governor Aandahl and his administration in the coming campaign.

"The third admirable conduct in Governor Aandahl and his administration is the manner in which all factions of our state have been united into one compact group working only for the good of the state. Diplomacy and tact is another trait that women admire in men. The present administration has demonstrated this again and again. In the matter of the water controversy, for example, with a less forceful and sincere administration this could have split our state wide-open; as it turned out we are united and as a compact unit will win through to an ultimate state-wide benefit.

"This presenting of a united front to our National Government has been a deficiency in past administrations that has drawn in our direction the scorn and non-cooperation of the other states. We women realized the necessity of having a strong, fearless, aggressive administration in our state government and because we believe we have just that kind of a government in the ROC Aandahl Administration we are going to support it 100% in the coming elections."

Outline Principles For Re-organizing

Principles to guide counties in re-organizing school districts have been outlined by the state reorganization committee, they include:

Administrative units should surround natural community centers and may include a number of attendance areas;

Each unit should have enough pupils for at least one four-year high school;

Each unit should equalize the amount of tax valuation per pupil;

Administrative units should provide for three objectives of the law—more nearly equalized educational opportunity, higher degree of uniformity of school tax rates, and wiser use of public funds for support of common schools.

Gov. Aandahl Outlines Fundamentals Of a Sound State Financial Policy

Fundamentals of a sound financial policy for the State of North Dakota are given by Gov. Fred G. Aandahl in a special article written for the Bismarck Tribune, which is reprinted under the title, "The Governor's Most Important Duty," as follows:

The Governor's most important duty is to work out and put into effect a sound financial policy for the state. The following factors indicate that such has been the basic thinking of those people who have established and been responsible for the growth of our state government. Section 75 of the Constitution provides among other things that, "He (the Governor) shall at the commencement of each Session communicate to the Legislature a statement by message, information of the condition of the state and recommend such measures as he shall deem expedient." Section 80 further provides, "The Governor shall have power to disapprove of any item or items or part or parts of any bill making appropriations of money or property x x x." This coupled with membership on the Budget Board which recommends needed appropriations to the Legislature, membership on the Audit Board which holds departments to the limitations of the law, and the legislative appropriations in the expenditure of public funds, and the general over all responsibility of leadership in the functioning of government as indicated by membership on 23 boards and commissions, and the power to appoint the members of 48 other boards and heads of departments well establishes the Governor's responsibility in working out a sound financial policy for the state.

Enter New Fields With Great Care

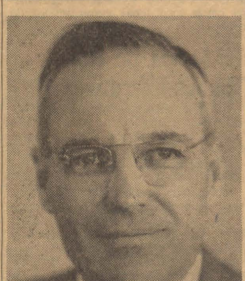
That responsibility is a broad one. It involves a determination and measuring of what is wise and necessary for the state to do. Those decisions must be associated with the taxing capacity of the state and the wishes and the desires of the rank and file of the people. Then too there is the matter of determining what things the state should do and what things should be left to private enterprise.

It is a safe rule to say that the state should try to perform its presently established responsibilities well or better before entering into new fields of responsibility.

This statement, however, must be tempered with a realization that we must keep abreast with progress. For example in relatively recent years air traffic has become a vital part of our transportation system.

State Taxes Have Not Been Raised

Inflation and prosperity has affected the state government just as it has affected private business. State revenue, without any increase of tax rate, is up just like private incomes. There is a bigger volume of business at a higher price per unit than the old rates are applied. The revenue from income tax, sales tax, beer and liquor tax and cigarette and snuff tax has thus materially increased. Property taxes for state purposes are relatively small and have not been increased. In fact the mill rate for 1947, 2.95 mills, is the lowest it has been since 1920. Of the \$52,000,000 appropriated by the 1947 Session of the Legislature less than \$3,000,000 for the two-year period, as measured by the 1947 levy, will come from property tax. In most communities only from 4 cents to 10 cents of each property tax dollar will go to the state. Property tax is primarily the source of revenue for local units of government such as county, school district, town and township. The reason that property taxes are up is to meet the increased cost of government at those levels. The cost of operating the schools, giving police, fire and sanitation protection in the cities and practically every other type of activity has gone up just like the cost of operating any private business. The statewide sum total of property taxes in 1947 is up about 60 per cent from what it was during the depression of the Thirties. This does not seem to be out of line with other price changes. It is interesting to note that the need for increased revenue for the political subdivisions of the state was recognized by all members of the 1947 Session of the Legislature and the bills making increased levies permissible was given their almost unanimous approval.



FRED G. AANDAH

State Revenue and Expenses Gone Up

The revenue to the state government from sources other than property tax has gone up with inflation and prosperity. A number of questions arise: Is the increased revenue needed? How should it be used? If it is not needed should the rate of taxation be reduced? In answering these questions there are several objectives that must be kept in mind.

1. First it is necessary to meet the increased salaries and operating expenses of the Departments of State and of the various penal, charitable and educational state institutions. The 1947 appropriations for this purpose carries a 28 1/2 per cent increase over corresponding appropriations for 1945. That amounts to an increase of about fourteen percent per year. When we realize that that includes the cost of increased enrollments at our institutions of higher learning it is surprising that the increase was not greater. Then also since the middle Thirties the State Welfare Department and the State Common Schools Equalization Fund were established. The State Welfare Department was established for two reasons. First, because the local units of government during the depression were not financially able to meet the welfare needs in their communities and the broader tax base of the state was needed. Second, at the same time the federal government established a Welfare Grant-in-Aid program. It was necessary to establish a State Welfare Department for the channeling and uniform distribution over the state of federal welfare funds. At the present time about half of the money expended by our State Welfare Department comes from the federal government in the form of grants-in-aid and the other half comes from five-twelfths of the sales tax money in the state. Welfare expenditures, with money from these two sources, are predominantly for old age assistance and aid to dependent children. Seven-twelfths of the sales tax money goes into the Equalization Fund and its distribution supplies the money for about fifteen percent of the operating costs of the common schools of the state. It definitely replaces property taxes for that purpose and even though the property taxes have gone up they would have gone up still higher were it not for the State Equalization Fund.

2. All old debts should be paid. In reality this has been done. The only state indebtedness now is about \$17,000,000 of real estate bonds. There is enough money in the sinking fund and partial collection fund on land sold to pay this entire bond issue when it becomes due.

State Operates On Cash Basis

3. The state should be kept on a cash basis. This is being done. The only prospective exception is the Highway Anticipation Certificate that were authorized by the initiated measure of 1944. This far there has been sufficient money in the sinking fund to retire the certificates as rapidly as they have been issued. Starting in the summer of 1948, however, certificates will be issued in excess of balances in the sinking fund. The gas tax revenue under the refund system now has a capacity for the speedy liquidation of these certificates.

4. It is well to maintain working balances or reserves in funds of from 50 per cent to 100 per cent of the

annual need. When a period of less prosperity or of recession or whatsoever one might choose to call it comes we know that tax collections will be slower and such balances or reserves in operating funds are highly desirable.

5. The state physical plant, institutional buildings and highways, should be put in good repair with replacements made only where they are immediately needed.

6. One of the greatest temptations that comes during a period of prosperity and liberal balances in the various funds of the state is to make expansions that cannot be maintained in periods of less prosperity. Great care must be taken to avoid such an unwise procedure.

There is now \$5,000,000 in the Veterans Rehabilitation Fund which is set up as a permanent fund, only the interest or earning thereon to be expended from year to year. Twenty years from now the emergency needs of veterans will be greater than at the present time. This fund, which in reality is an insurance fund, should be expanded from year to year during this period of prosperity until it is reasonably adequate to meet the anticipated need of our responsibility to the veterans. Money so set aside now will reduce the necessity for subsequent appropriations.

If the preceding procedure is followed the state will continue on its sound financial policy.

Inflation Peak Has Passed

We have apparently reached the peak of inflation and further tax increases should not be necessary.

The marking of tax collections for certain specific purposes constitutes a protection to that particular purpose. On the other hand as prices and business conditions fluctuate from time to time we find that the tax collections often times accumulate in excess of the immediate need and in excess of amounts that can be wisely distributed. Such unnecessarily increased distribution might set standards that cannot be subsequently maintained. If, however, the total revenue is needed it is advisable to leave the tax structure unchanged but to make instead an immediate but noncontinuing transfer to other currently needed purposes. That type of thing was done during the 1947 Session of the Legislature when \$900,000 was repaid to the State Hall Insurance Fund from the Equalization Fund and when \$2,941,000 was repaid to the Motor Registration Fund from the General Fund and when \$3,000,000 was transferred from the General Fund to the Veterans Rehabilitation Fund. That type of procedure is much preferable to reducing an established tax and replacing it with another tax that is earmarked for some different purpose.

We also must be alert to the changing standards of progress. Cities find it necessary to modernize fire-fighting equipment and methods of sanitation. Feasibility of financing such things has been broadened by townships in a very moderate fashion have now become county-farm-to-market roads or even a part of the state arterial highway system. In the past 12 years the responsibility of financing welfare has been broadened to the state and federal level. Adjustments must be made from time to time to keep pace with this modern world.

States, as effected by wartime conditions, are just in the opposite position from the federal government. During the war the federal government bore the cost of that war and the expense of state government was reduced by inactivity at the state level. Following the war the cost of federal government should be reduced. Repayment of and interest on the national debt, a responsibility to the veterans and a new role in international affairs, however, dim the possibility. Yet we all know that some reduction must come. In the states, on the other hand, following the war there is a resumption of many activities that were temporarily discontinued. That means that we can reasonably expect some increase in state taxes over what they were during the war period, even aside and in addition to the influences of inflation.

Our state government has risen to such a size and involves in its operation the expenditure of such large sums of money that it must be given a most careful and businesslike attention. It is the responsibility of each and every citizen to see that the highest standards of state government management and business administration be reflected in the government of the state.

Treasurer Sailer Sends Out Appeal for Funds

ROC Treasurer Edwin G. Sailer urges all counties to send in their quotas at the earliest possible date in order that the facts regarding the ROC administration can be given to the people.

Mr. Sailer believes that selfish interests in North Dakota are making in the campaign a supreme effort to undo all the good that has been accomplished since the ROC was organized in 1943, and that it would be too bad if we should lose this fight through lack of funds to present all the facts to the people.

"The opposition to good government in North Dakota have oceans

of money," said Mr. Sailer, "and they are going to spend it freely. They have some thirty-five money raisers in the field, who get as their pay a good chunk of the funds they secure."

"If we are going to win this fight, we will have to present the true facts to the people through radio, newspaper, advertising and personal solicitation. Our funds must come from the rank and file of the people who favor good government. The old adage that 'eternal vigilance is the price of liberty' is still true."

He hopes that all ROC county committees will start their financial drives immediately. This campaign will be won or lost during the next two or three months, so that prompt action is necessary. Contributions from individuals or individuals can be sent to ROC State Headquarters, Grand Pacific Hotel, Bismarck.

Young Citizens Work for Peace

The 20th Anniversary of the Young Citizens League in North Dakota will be observed when the state convention meets at Bismarck May 7, 8, 1948. The movement was introduced in North Dakota in 1927 when a number of county superintendents met in Valley City to perfect the organization. Under the leadership of W. M. Wemett, national president of the Young Citizens League, the Department of Public Instruction, county superintendents and teachers of the state, the organization has grown so that at the present time there are approximately 2300 leagues with 32,000 elementary students as members.

Pioneers in the movement during the first five years, 1927 to 1932, will be honored at the county and state conventions this year.

The theme of the 1948 convention will be based upon the slogan of the current state Y.C.L. projects, "BUILDING PEACE BY MAKING FRIENDS WITH THE YOUTH OF OTHER LANDS." Decorations at the state convention banquet will be made by members from all parts of the state and will feature "Children of Other Lands."

Forty-one counties were represented at the 1947 state convention, and it is anticipated that even more will attend this year.

The purpose of the Y.C.L. work is to provide the kind of learning situations that will result in better citizenship. The Y.C.L. state projects are safety education; wildlife conservation; study and practice of parliamentary procedure; the sponsorship of recreational projects; beautification of school grounds and general clean-ups; study of famous paintings to schools; the Y.C.L. and Junior Red Cross working together for peace by making friends through the exchange of letters with youth of other lands; study of Garrison Dam; and exchange of league activities in county and inter-county to promote more and better leagues.

The North Dakota State School Officers Association passed a resolution at their 1947 annual meeting recommending that all school officers extend their unqualified support to the Young Citizens League.

The Y.C.L. provides opportunities for children to be active doing the right things. GOOD CITIZENSHIP IS NOT TAUGHT, IT IS CAUGHT THROUGH DOING. A good citizen tries to do something each day to improve the standard of his home, his school and his community. He devotes himself to active doing by a study of its ideals, and by a constant interest in the general welfare of his state and nation.

James Valley Co-Operative Highly Praised By Governor Aandahl

Gov. Fred G. Aandahl on various occasions has given high praise to North Dakota co-operatives. From the governor's talks it is evident that he believes that co-operatives have a very definite and essential place in the national economy.

Recently he had some very fine things to say about the James Valley Electric Co-operative at the annual meeting of the co-operative at Edgely. This is what the governor said, as reported by the Fargo Forum:

"Your co-operative is an example of the American way of life," the governor said. "It is the way of democracy for ordinary citizens to get together to talk over their common problems and to organize for a desired result."

Gov. Aandahl said that of all dams built in the Missouri development the Garrison dam would have the greatest effect on North Dakota as a whole. It would generate two or three times as much power as is now being produced in the state, he declared, adding that its biggest

Teachers Mould Youth Opinion

"The schools of our state and nation are the most important tools of culture, and as such have a continuing responsibility to stabilize and to guide us in our leadership of the world," says State Supt. C. B. Nordrum. "There is no more important occupation than that of teaching. We need good men and women to guide and to mold the characters of good boys and girls. EVERY COMMUNITY MUST FURNISH ITS QUOTA OF TEACHERS."

"Enrollments in schools will increase each year, which will mean that even more teachers will be needed. Improved standards are essential to meet the challenges of world conditions. The nation that develops its human resources will be the nation that will survive. We are experiencing trying times which are beset with its confusion. Some people advocate overnight solutions, but most of us realize and recognize that the tremendous upheavals in our social, political and economic life can only be solved through educational measures, which, although slower, are the only sound basis for national security."

Schools Adopt Testing Program

The Coordinated States of Attainment were administered to approximately 40,000 elementary students in North Dakota in grade four to eight, inclusive, last October. At the county superintendents' conference held at the State Teachers College, Valley City, in January, it was recommended that these tests be given again to the same grades April 14, 15, 1948. The North Dakota School Officers Association has also recommended the use of standardized tests to assist in the scientific measurement of results and to form the basis of sound analytical and diagnostic, remedial work.

The county superintendents went on record as supporting the Department of Public Instruction in its efforts to raise teaching standards; more extensive use of the school lunch program; the re-establishment of the 48 quarter-hour course for teacher-training, including practical courses on tests, measurements and record keeping; and orientation work on the principles of Young Citizens League work.

benefit would be in irrigation, and it would act as a stabilizing force in the livestock industry.

Gov. Aandahl, state and REA officials were guests of the Lions club at a luncheon at which he discussed briefly the refund gasoline tax system.

The James Valley co-op was organized in 1944, covering LaMoure and Dickey counties and parts of Logan, McIntosh and Stutsman counties. The first line was energized in Dec. and the second Jan. 18, servicing 265 farms. Completion of the "A" section in a few days will provide electricity for 650 families. With the aid of a recent \$450,000 grant it is expected to complete the "C" section, 70 miles in Stutsman, 170 miles in LaMoure and 100 miles in Dickey. By the end of the summer 1,300 families will be receiving service.

Laverne Splickson, Edgely, is chairman of the board of directors and D. D. McChesney, Edgely, is manager of the system.

Bank Gives Aid To Veterans And Local School Districts

The assets of the Bank of North Dakota are now over 100 million dollars.

From December 31, 1945 to December 31, 1947, reserves and undivided profits increased \$1,307,042.39. The total assets of the bank as of March 3, 1948, were \$101,641,068.31, which is the highest since the bank was organized.

During the years of 1946 and 1947, the Bank of North Dakota rendered aid to various school districts of the State of North Dakota in the following manner.

The bank purchased certificates of indebtedness from 38 school districts in 1946 and from 66 school districts in 1947 in the amount of

he had little chance for the nomination.

"There is little doubt now that Harold E. Stassen is the strongest candidate the Republican party can choose, least that he will win if nominated, and no doubt that he will make a strong, able President. It is simply a question of the Stassen supporters recognizing the challenge and doing the work that needs to be done. That's where North Dakota comes into the picture.

"The people of North Dakota carry a weight all out of proportion to their number in national conventions, political and otherwise, and in many other spheres of national activity—simply because North Dakotans are able, aggressive individuals. If the delegation to the Republican convention from North Dakota goes to Philadelphia, not only with the opinion that Harold E. Stassen is the best man for the nomination—but also with the determination to see that he is nominated—then, the North Dakota delegation will play a vital role at that convention.

"Throughout North Dakota, as throughout the country, there is a warm friendliness to Mr. Stassen and his candidacy. Converting that friendly feeling to dynamic conviction will make his nomination a certainty—and the trend in that direction is growing more and more apparent.

Good Government Objective Of ROC

(Continued from Page 1)

surance to as much as a 16 cents per acre reduction in district 5 under the \$8.00 per acre insurance.

This brief analysis gives some indication of the wholesome type of administration that the ROC officials have been giving the state of North Dakota.

Increased revenue from income, sales, beer, liquor, tobacco and other taxes as a result of the general inflation, high production and high market prices has more than balanced the increased cost of government. This has resulted in a drop of the mill levy for state purposes from 3 1/10 mills in 1946 to 3 and 95/100 mills in 1947. The 2 and 95/100 mills levy in 1947 is the lowest levy for state purposes since 1920. By taking advantage of increased revenue in the other fields of taxation brought about by this period of prosperity it has been possible for the state to appropriate not only for the various departments of state but also to take care of the state penal, charitable, and education institutions.

The initiated measure changing the method of the gas tax collection from the tax exempt system to the refund system has increased our gas tax revenue by approximately \$1,500,000 a year. After the approval of the initiated measure the Legislature took the next step in strengthening the finances for road work in the state by repaying \$2,941,000 to the Motor Registration Fund, which amount had been taken from that fund in the Thirties to pay interest on our real estate bonds, and by increasing the motor registration fees sufficiently to bring in an additional million dollar revenue per year from that source. This increased revenue has gone to the State Highway Department for use on the arterial system and to the counties for use on the farm-to-market roads. As a result the State Highway Department in 1947 rescaled 591 miles of black top compared to 160 miles in 1946, regaveled 700 miles of gravel compared to 250 miles in 1946 and has been able to authorize construction of new construction and reconstruction. Even with this increased tempo of the activities of the State Highway Department it will take several years to bring the roads up to the standards that we all desire. Each year, however, will show decided improvements.

I have briefly outlined some of the objectives and accomplishments of the ROC administration as a reminder of the reasons from which we can have confidence in our organization and its position of leadership in North Dakota politics.

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Porter Of LaMoure Named District Judge

Governor Fred O. Aandahl has appointed A. G. Porter of LaMoure, veteran LaMoure county state attorney, judge of the third judicial district to fill the vacancy created by the death of the late Judge E. F. Coyne.

Give People Facts Says W. F. King

If the people of North Dakota are given all the facts regarding the R.O.C. administration, the voters will endorse Gov. Fred G. Aandahl at the polls in the primaries, in the opinion of W. F. King of Fryburg, R.O.C. chairman in Billings county.

Mr. King, who recently returned from a sojourn in California, called at R.O.C. headquarters in early March. Regarding the political situation, he said: "Gov. Aandahl has given North Dakota an excellent administration. I think what the R.O.C. needs to do is to give the people all the facts, and then go to work to get out the vote. I do not believe that the propaganda spread by the opposition is going to have any great effect, but we do know that our opponents are going to work hard, and we have to offset that by strong local organizations.

"I hear some people complain because Cass county is going to have a four-lane highway on No. 10. Well, these 60,000 people living in Cass county buy gas and they help to build the roads. We have a good highway in the western part of the state, No. 85, all the way from Williston to the South Dakota line, the main highway to the Black Hills. Good roads in all sections of North Dakota are a help to all the people."

ROC State Convention Bismarck, March 22-23

We Must Return To Sound Government

(Continued from Page 4)

The Administration in departing from the basic concepts of our Constitution, and have thus contributed to the creation of a "super-state," which today spends ten times as much yearly as the Administration which preceded it.

Slowly our citizens have surrendered their sovereign rights in a vain search for security. And it is a vain search, for our Federal Government of, by and for the people can offer no greater security than a free people can insure themselves.

The Federal Government has through pretext and emergency and war grasped duties and powers, and extinguished rights, which belong to the sovereign people. The domestic commitments and their system of free enterprise. Yet many are still demanding more social legislation, more Federal programs and Federal controls.

Each day Congress is asked to "extend" this power, or "grant" that authority to the Executive, so that the Administration can rule by regulation, proclamation and executive order. Yet Article One of our Constitution expressly states that "All legislative powers herein granted shall be vested in a Congress of the United States," because Congress is close to the people.

These original premises of our Government, which I sincerely contend are as valid today as they were in 1787, were that local governments should better handle their domestic affairs, because they are "on the scene" and local taxpayers have a stronger voice in policy.

Today private business dares not enter many fields of endeavor because, in addition to the risk of competition, government regulation and taxation make the outcome that much more uncertain. When local sovereign rights cease to exist, the system of free enterprise will fail.

We must restore and reinforce our republican form of government, and discard forever the New Deal with its concentration of governmental authority in Washington.

Otherwise, the growth of government into complete autocracy is inevitable, and monopoly of government will throttle free enterprise. In order to preserve free enterprise, we must protect free competition from monopolistic groups, we must distinguish the programs of the true liberals from the masquerading and misguided liberals, and we must return to a Constitutional government, of, by and for the people. I am confident that the election of a Republican Administration, and the return of a Republican Congress in November will throw off the yoke which threatens to strangle free enterprise. We must return to sound government, and will, in order to continue as the greatest nation in the world's history.

North Dakota Laws Highly Praised

(Continued from Page 1)

is 29 cents, the federal government 59 cents and local communities 30 cents.

Tri-States Do Not Tax Co-operatives

None of the three states have attempted to apply the state income tax to co-operatives, Senator John Conrad, one of the discussion leaders in the taxation and assessments group, reported.

Wisconsin representatives held that property belonging to co-operatives are held in trust for the members and cannot be taxed. Senator Lynch of North Dakota held that under the North Dakota law the co-operative savings, assigned to individual members in the form of certificates, are paid by the individual members and should not be taxed a second time. Senator Conrad held that since these co-operative earnings or savings are held by the co-operatives as capital investments and used to expand the co-operative programs they should be taxed.

Howard Spaeth, Minnesota tax commissioner, held that these savings certificates or preferred stock assigned to individual members are not taxable under the Minnesota law, until the certificates or stock are sold.

County Assessor Plan Analyzed

The new Minnesota law providing for county assessors, in the opinion of Howard Spaeth, Minnesota tax commissioner, is a definite step toward taxation progress. Under the Minnesota system, township assessors who are retained work in co-operation with the county assessors, but in Iowa the township assessors have been abolished, and the county assessors employ the necessary help to see that a good job is done in all local communities. Most laws make it optional in cities with over 10,000 population on the theory that these cities have sufficient funds to employ a full time city assessor. In Minnesota about thirty-three million dollars of additional property have been put upon the tax rolls.

Minnesota has not taken into account any inflationary prices of real estate and personal property. All values are considered on the 1940 figures on the theory that inflationary prices are more or less temporary.

A more thorough and careful appraisal of retail and wholesale inventories would pay the entire cost of the county assessor system in the opinion of Minnesota tax experts.

"As a general rule the county assessors of Minnesota have done a fairly good job of assessing," says Tax Commissioner Howard Spaeth "and any good job of assessment must be done at the local level. These county assessors have brought in a surprising amount of omitted property."

Brant Reports On N. D. Tax Laws

Senator Brant related the experience of North Dakota which passed a law in 1919 providing for a tax supervisor in every county. In 1923 this law was amended to provide for a tax supervisor in each of the six congressional districts, and in 1927 the laws were repealed entirely on the ground that good results were not achieved. Senator John Conrad also expressed his opinion that the county assessor plan would not be an improvement in North Dakota. "In studying the systems of various states, I believe that North Dakota in a general way has a good, fair and equitable system of taxation," says Senator Conrad.

Johnson Would Revise Game Laws

Representative Vernon Johnson, one of the discussion leaders in the game and soil conservation groups, favors a revision in the North Dakota laws that discriminate against Wisconsin hunters in the matter of taking game from North Dakota. Johnson made reference to pheasant and duck bag limits which are "admittedly small in the face of the \$25 hunting license fee" charged by his state.

ROC State Convention Bismarck, March 22-23

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Nordhousen Leads In Farm Parley

Senator Orris Nordhousen took a leading part in the discussions in the agricultural group.

Expanded federal assistance in the control of cattle and livestock diseases was favored.

Livestock sanitary boards in the three states are urged to prevail on Congress to amend current indemnity laws so that the age at which indemnities are paid on infected cattle is reduced from 18 months to 12 months after vaccination.

The federal government should be asked to participate in financing of vaccination of cattle against Bang's disease on farms outside control areas. Present federal aid is limited to control areas only.

The research councils of the three states should be asked to urge Congress to approve the so-called Gillette measure establishing a research project to develop vaccines for hoof and mouth disease.

The committee also favored legislation calling for the pasteurization of milk and cream used for human consumption.

Ohnstad Lines Up Discussion Leaders

Rep. Manfred Ohnstad lined up the discussion leaders of the North Dakota delegation and made a valuable contribution to many of the group discussions.

Budget Director Targie Trydahl and Joseph A. Donahue, executive director of the Legislative Research committee, attended the parley. Mr. Trydahl got a lot of valuable information regarding the budget and financial controls in effect in Wisconsin and Minnesota, and Mr. Donahue gave reports at a meeting of the N.D. committee held Wednesday morning.

Politics A Science Says Youngdahl

That legislative research committees are helping to elevate politics into the science and art of government is the statement of Governor Luther Youngdahl in his welcome address to the North Dakota, Minnesota and Wisconsin legislators.

"Your joint meeting here is, in my opinion, an important stride in the science and art of government," Youngdahl declared. "It is wonderful that the states are meeting because of the importance and necessity of uniform action in meeting our needs. We can learn much from each other."

He said that with "people becoming more and more interdependent on one another," such achievement on local and state levels "can perhaps point the way" for similar relationships on national and international scales.

"The entire country is backward in mental hygiene work," he declared. "You members of legislative research groups should make a study of this problem and have a program of action ready for your state Legislature. Community health, especially in the rural areas, is another important phase of present day living which should be investigated thoroughly. Our agricultural problems in Minnesota, Wisconsin and North Dakota are practically alike and we should be as uniform as possible in our efforts to solve them."

"Uniformity also is necessary in taxes, such as the cigarette levy, so that the enactment of such laws by one state doesn't interfere with the business of another."

Rep. E. J. Langley of Rock Lake, N.D., chairman, who made the response on the part of North Dakota, declared that his group had 100 bills ready for introduction when the 1947 North Dakota legislature convened.

"That enabled us to get right down to business without vacationing for weeks until the legislative machinery got going, Langley said.

Stassen Men Look To North Dakota

North Dakota people who have met Harold Stassen are impressed with his growing strength throughout the nation.

Men connected with the Stassen campaign are anxious that Stassen should make a major address in North Dakota for they look upon this state as "having a weight all out of proportion to the number of its people."

One of Stassen's strong Minnesota supporters who recently made a tour of North Dakota, Elmer L. Andersen of St. Paul, has this to say regarding the high appreciation they have of North Dakota.

"Nothing is more characteristic of the present phase of the Stassen for President campaign than the growing conviction in the minds of many political leaders that Stassen can and will be nominated.

"From almost the beginning of his campaign Mr. Stassen had wide popular support. People liked his splendid record as three-time Governor of Minnesota, they liked his sane liberalism, his forthright discussion of the issues—but felt that